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THE
UNITED STATES
DEPARTMENT OF
COMMERCE
BUREAU OF
ECONOMIC ANALYSIS
WASHINGTON, D. C.

REPORT
ON THE
ECONOMIC
SITUATION
IN THE
UNITED STATES
AND
FOREIGN COUNTRIES

BEST AVAILABLE COPY



**BOARD
MEMBERS**

GEORGE R. REILLY
Vice Chairman
First District

ERNEST J. DRONENBURG, JR.
Chairman
Second District

WILLIAM M. BENNETT
Third District

RICHARD NEVINS
Fourth District

KENNETH CORY
State Controller

DOUGLAS D. BELL
Executive Secretary

**ANNUAL
REPORT
1980-1981**

**CALIFORNIA
STATE
BOARD OF
EQUALIZATION**

**FISCAL
YEAR
ENDED
JUNE 30, 1981**

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STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION

1020 N STREET, SACRAMENTO, CALIFORNIA
(P.O. BOX 1799, SACRAMENTO, CALIFORNIA 95808)



GEORGE R. REILLY
First District, San Francisco
ERNEST J. DRONENBURG, JR.
Second District, San Diego
WILLIAM M. BENNETT
Third District, San Rafael
RICHARD NEVINS
Fourth District, Pasadena
KENNETH CORY
Controller, Sacramento
DOUGLAS D. BELL
Executive Secretary

The Honorable Edmund G. Brown Jr.
Governor of California

Dear Governor Brown:

We are pleased to furnish to you the Annual Report of the State Board of Equalization for the 132nd fiscal year, ended June 30, 1981. It includes a review of revenue activities assigned to the Board and a statement of our expenditures to administer them.

There is also included statistical information concerning both property and business taxes in which the Board is involved with state and local governments.

Respectfully submitted,

Ernest J. Dronenburg Jr., Chairman
George R. Reilly, Vice Chairman
William M. Bennett
Richard Nevins
Kenneth Cory, State Controller

Douglas D. Bell, Executive Secretary
December 31, 1981

EQUALIZATION DISTRICTS CALIFORNIA STATE BOARD OF EQUALIZATION

LEGEND

-  Equalization District No. 1
-  Equalization District No. 2
-  Equalization District No. 3
-  Equalization District No. 4



I. BOARD MEMBERS

First District

GEORGE R. REILLY

California's senior elected official George R. Reilly was first elected to the Board of Equalization in 1938 and has been reelected at four-year intervals. Upon completion of his 1978-82 term, he will have served 44 years, longer than any other elected state official in the history of California. During all of calendar 1978, Mr. Reilly served for the tenth time as Chairman of the Board. He is Chairman of the Board's Personnel Committee.

Mr. Reilly was born in the Mission District of San Francisco, was graduated from San Francisco schools, and attended Sacred Heart College. A licensed California real estate broker, he was in the real estate and property appraisal business for many years. Mr. Reilly began his career of public service as a member of the San Francisco Election Commission. From that office he was named to the Board of Permit Appeals and subsequently became a member of the San Francisco Board of Supervisors.



In 1967, Mr. Reilly was honored by a resolution from the State Assembly commending him on his election to the office of Supreme Governor of the World, Loyal Order of Moose, and on his activities in fund raising for scholarships for orphaned children and hospitals for the aged in Florida.

Mr. Reilly is one of the founders of the Irish-Israeli-Italian Society of San Francisco and has served from its inception as one of its three co-presidents. He is a director of the Civic League of Improvement Clubs and Associations of San Francisco, one of California's most esteemed civic-minded organizations. He is a past National President, Ancient Order of Hibernians, and past national editor of "The Hibernian Digest." In 1971, Mr. Reilly was honored by the Northern California Chapter of the Jewish National Fund for his fund raising activities in its behalf.

Among his professional affiliations, Mr. Reilly is a past vice-president, San Francisco Branch American Society of Appraisers; former member of the executive committee, Western States Association of Tax Administrators; and a member of the California Assessors' Association.

Mr. Reilly has three children—two daughters, Carolyn and Georgina, and a son, James.



Second District

ERNEST J. DRONENBURG, JR.

Ernest J. Dronenburg, Jr., is the first Republican elected to the Board of Equalization in 24 years. His district, which extends from Fresno in the agriculturally rich San Joaquin Valley to the Mexican border, includes the urban areas of San Diego and Orange County. The district has more than 6 million people and covers a geographical area larger than the states of New York and Pennsylvania combined.

Mr. Dronenburg grew up in San Diego and graduated from San Diego State University in 1966 with a B.S. degree in Finance and Accounting and a B.A. degree in Economics. After graduation, he worked for five years in industry as an industrial engineer for NCR and the Rohr Corporation.

Though many have attempted it, Mr. Dronenburg is the first employee in the 100-year history of the agency to be elected to the constitutional office of Board Member. In 1971, he started with the Board in the Business Taxes Department as an auditor and was a field audit supervisor at the time of his election.



Prior to his election, Mr. Dronenburg was also a businessman in his own right. In 1973, working in his off hours, he helped start a racquetball equipment distributing company. Two years later, he founded a racquetball and tennis racket manufacturing company.

Among Mr. Dronenburg's professional affiliations, he is a member of the National Association of Tax Administrators, the International Association of Assessing Officers, and the National Association of Accountants. He is the developer of the Wages and Salaries (WAS) Index theory for indexing the California Personal Income Tax. The WAS Index, which has been published in the Western Tax Review, has been introduced recently in the California State Legislature.

Mr. Dronenburg's church and community activities include church auditor and Board of Trustees of the College Avenue Baptist Church; member of the Board of Directors, San Diego County Youth for Christ; and a member of the Downtown San Diego Kiwanis Club. He resides with his wife Kathy; and three daughters, Kristin, Amy, and Stephanie in San Diego County.

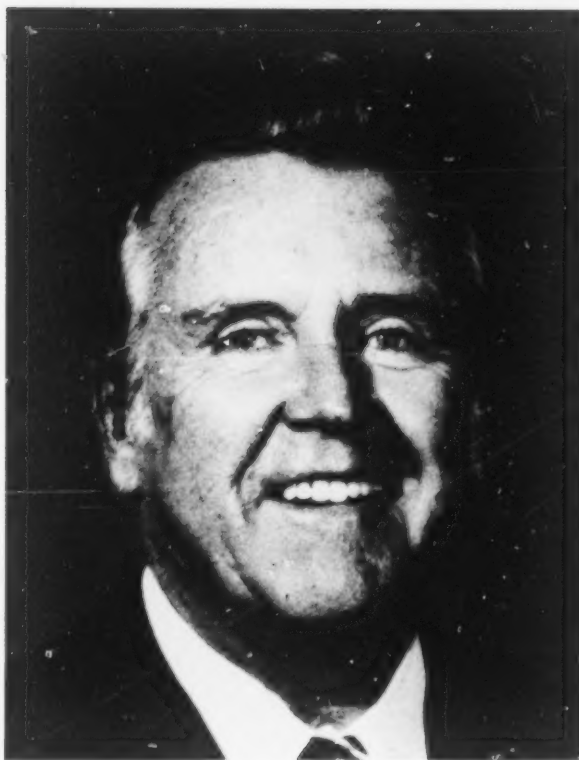
Third District

WILLIAM M. BENNETT

William M. Bennett represents the Third Equalization District, which consists of 28 counties in northern California. He was first elected to the Board in 1970. Mr. Bennett is Chairman of the Board's Valuation of State Assessors Committee, and of the Timber Advisory Committee.

He served his first term as Chairman of the Board in 1972. When Board Chairman John Lynch died in office in December 1975, Mr. Bennett was serving as Vice Chairman. He was elected Chairman to succeed Mr. Lynch, completed the latter's unexpired term, and was reelected in 1976, 1977, and 1979.

Mr. Bennett is a member of the State Bar of California and has been admitted to practice before the United States Supreme Court, appearing on behalf of the State of California eight times in significant criminal, civil, and anti-trust litigation. He has practiced extensively before both state and federal regulatory agencies and commissions. In 1969 Mr. Bennett was permitted by the U.S. Supreme Court to



make a special appearance as a self-appointed "consumer spokesman" to present an argument in anti-trust litigation involving the El Paso Natural Gas Company. This was the first time in the history of the Court that an individual who was neither a party to a case nor representing a specific client was permitted to make such an extraordinary appearance.

Mr. Bennett was born in San Francisco in 1918. He and Mrs. Bennett have four children: William, Jr., James, Michael, and Joan. During World War II, Mr. Bennett served as a captain in the Air Force, completing 50 missions in the 15th Air Force over Europe. Mr. Bennett has been a professor of law, teaching administrative law and consumer protection courses at Hastings College of Law, University of California, San Francisco.

Mr. Bennett began his government career as a Deputy Attorney General of California and served in that capacity for 12 years. In 1958, he was appointed chief counsel to the California Public Utilities Commission; in 1962, he was appointed a member of that commission and later served as its president.

Fourth District

RICHARD NEVINS

Richard Nevins was first elected in 1958 to represent the eight southern California counties with 11 million population that comprised the Fourth District at that time. Following the 1971 reapportionment, his district now consists of six million people in Los Angeles County, the central core of California's business economy. Although relatively small by geographical standards, gross product and personal income of the new district exceed amounts registered by all but a few nations of the world. Mr. Nevins is chairman of the Board's Legislative, Data Processing, and Equal Employment Opportunity Committees.

After living in Pasadena since April 1921, and attending schools there, Mr. Nevins went on to Yale University where he graduated with an A.B. in Government in 1943. Following three years with the Army Air Force he joined an insurance brokerage firm for 12 years until his election to the Board.

As a Member of the Board, Mr. Nevins' principal interest has been in improving the administration of the tax laws. He believes that well-trained employees, coupled with effective business equipment tools and communications with the business taxpayers, bring about the most efficient and economical administration of taxes. He strongly supported the Board's implementation of AB 80, the Assessment Reform Law of 1966, which contained the legislative mandate of the 25 percent ratio on all locally assessed



property. Today, property is enrolled at 100 percent of full cash value. To bring a degree of equity to property taxpayers, he advocated the Senior Citizens Property Tax Assistance Law first enacted in 1967 and greatly augmented in 1973. Mr. Nevins has long requested the Legislature to establish a Commission to determine "who pays what taxes." He has petitioned the recently established Commission on Government Reform to analyze the impact of state and local taxes on individuals, families, and business. This study becomes increasingly important with the passage of Proposition 13 which made great changes in the structure of state and local taxes, plus a shift in power relationships. The Board's data processing program has helped keep its budget under control. Mr. Nevins overseeing this function ensures the continuation of this policy of economical operation.

Mr. Nevins has been active in and affiliated with many professional and service organizations including the International Association of Assessing Officers, National Association of Tax Administrators, Western States Association of Tax Administrators, California Assessors' Association, and the American Society for Public Administration. He is the recipient of the ASPA Earl Warren and Will Baughman Awards.

Mr. Nevins married Mary Lois Minton in 1946. Residing in Pasadena, they have three sons.

State Controller

KENNETH CORY

Kenneth Cory became California's 26th State Controller on January 6, 1975, after winning election in November, 1974. He was elected to a second term in 1978.

Before becoming Controller, Mr. Cory was elected to four consecutive terms in the California State Assembly, representing the 69th District in Orange County which included his home city of Westminster. Earlier he served as Chief Consultant to the Assembly Education Committee and as Chief Administrative Officer of the Assembly. He has also engaged in farming and the insurance business.

In 1970 his colleagues in the Assembly elected him chairman of the Democratic Caucus. As chairman of the Legislature's Joint Committee on Public Domain, he gained recognition for his investigation of price-fixing practices by major oil companies in California. He served as a member of standing committees on Education, Elections and Reapportionment, Revenue and Taxation, and Ways and Means.

Mr. Cory is known as one of California's leading authorities on education and school finance. He is the author of several important pieces of education legislation including bills to require instruction on dan-

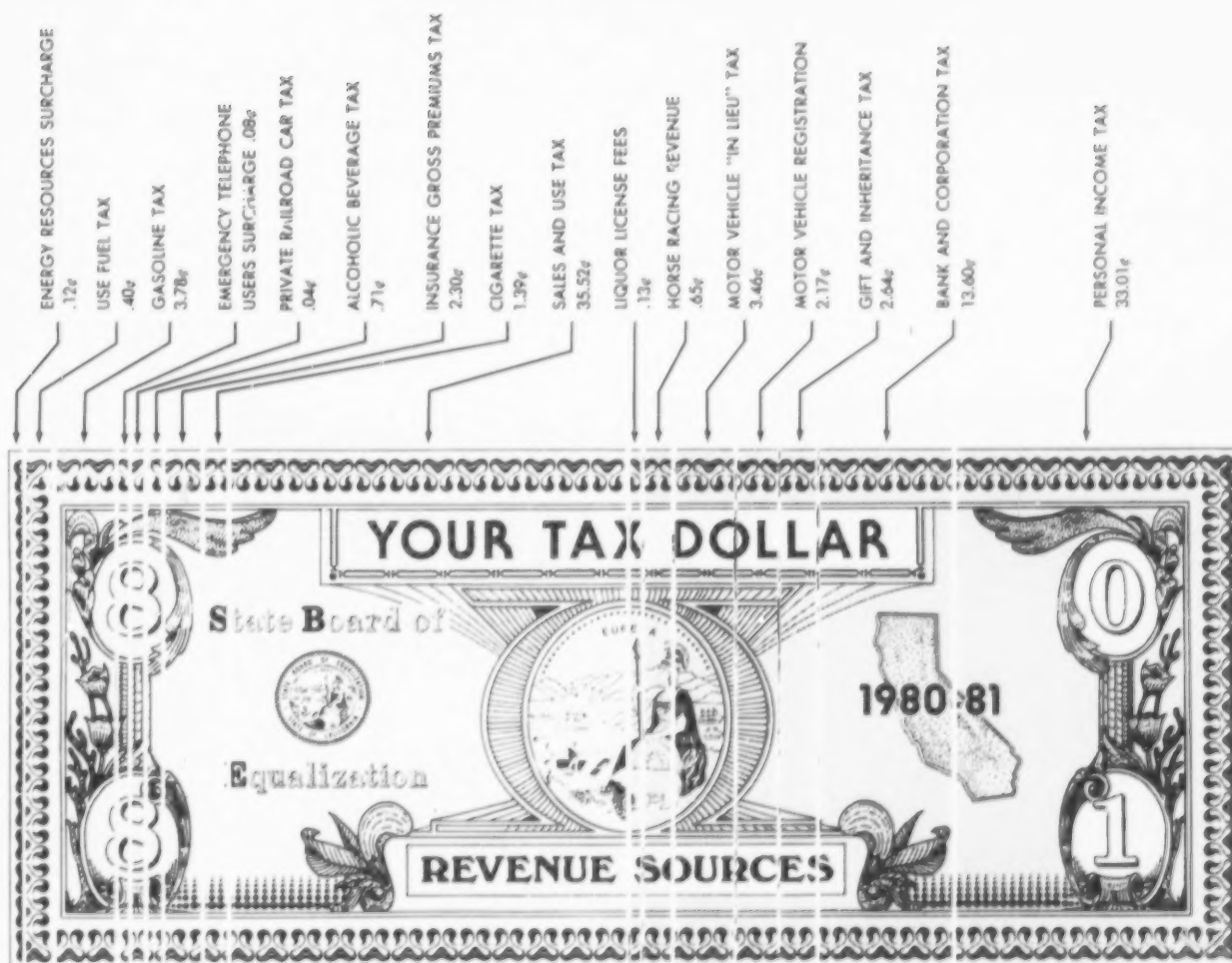


gerous drugs in public schools, to establish classes for multi-handicapped youngsters, and to enable schools to use resources of the private sector to develop innovative programs to improve reading and arithmetic instruction. He also led the fight for Superintendent of Public Instruction Wilson Riles' early childhood education legislation.

Successful Cory environmental legislation now guarantees public access to beaches and gives tax incentives to motorists driving vehicles powered by non-polluting fuels. In November, 1972, voters approved the Cory-authored constitutional amendment guaranteeing citizens the right of privacy. His consumer protection efforts were recognized by the Consumers Legal Action Council in 1972 when he was named Southern California Consumer Legislator of the Year.

Born in Kansas City, Missouri, Mr. Cory moved to southern California with his parents in 1939 when he was one year old. He is a graduate of Huntington Beach High School and attended Orange Coast College, the University of Southern California and the University of California, Berkeley and Los Angeles.

SOURCES OF STATE REVENUE



MAJOR STATE-ADMINISTERED TAXES IN CALIFORNIA Fiscal Year ended June 30, 1981

Revenues collected by the Board's Business Taxes Department totaled \$10,499,949,000 at a cost of \$78,212,000. The Board's cost averaged 72 cents for each \$100 collected by this department. The Board's assessments of public utilities and railroads yielded \$362,505,000 in local property tax.

1980-81 Fiscal Year		Percentages	
	Revenue	Change from 1979-80	of Grand Total
Board of Equalization			
Sales and Use Tax	\$7,131,428,847	7.7	35.52
Insurance Companies Tax	460,925,662	3.3	2.30
Cigarette Tax (state portion)	196,352,284	-4.0	.98
Alcoholic Beverage Tax	142,859,678	2.8	.71
Electrical Energy Tax	23,817,269	25.2	.12
Emergency Telephone Users Surcharge	15,759,917	4.1	.06
Private Railroad Car Tax	8,301,024	84.3	.04
Total General Fund	7,979,444,681	7.1	39.75
Gasoline and Jet Fuel Tax	758,359,584	-2.0	3.78
Use Fuel Tax (mostly diesel fuel)	81,635,108	3.3	.40
Cigarette tax (local portion)	81,909,118	-4.2	.41
Total Special Funds	921,803,810	-1.7	4.59
Grand Total—Board of Equalization	\$8,901,248,491	6.1	44.34

1980-81 Fiscal Year		Percentages	
	Revenue	Change from 1979-80	of Grand Total
Other Agencies			
Personal Income Tax	\$6,628,693,742	1.9	33.01
Bank and Corporation Tax	2,736,624,220	8.8	13.60
Motor Vehicle "in lieu" Tax	656,132,253	4.6	3.27
Trailer Coach Fees "in lieu Tax"	37,574,460	-16.6	.19
Motor Vehicle Registration Fees	435,604,329	2.6	2.17
Inheritance Tax	508,148,830	14.0	2.53
Gift Tax	22,035,779	12.0	.11
Horsing Revenue	129,778,987	2.2	.65
Liquor License Fees	26,626,870	-2.5	.13
Total—Other Agencies	11,175,219,470	4.1	55.66
Grand Total—All Agencies	\$20,076,467,961	5.0	100.00

Source: State Controller's September report "Financial Statement for the General Fund and All Other Governmental Cost-Funds", Fiscal Year ended June 30, 1981.

II. THE BOARD



The State Board of Equalization is California's major revenue agency. It is the nation's only board of tax officials who are constitutional officers elected to represent specific geographic districts of a state to administer tax programs. This unique system has given California continuity in its tax programs and has made the state an international leader in the field of taxation.

The Board is one of California's oldest administrative agencies. Founded in 1869 to equalize property assessments between the counties, the Board was elevated to constitutional status by the Constitutional Convention of 1879. At that time, California was divided into four congressional districts, and each district elected its own representative to the new Board of Equalization. The State Controller was designated an ex officio member to serve at-large.

In 1884, the Legislature was directed to redistrict the state after each decennial census into four Equalization Districts as nearly equal in population as practicable. Boundaries of the four Equalization Districts remained relatively unchanged until 1971, when they were realigned in a major reapportionment to give effect to population changes not heretofore recognized. Each Board Member now represents about five-and-one-half million people. Another reapportionment is currently in the process of being developed, to make changes in accordance with the 1980 census.

Photographed during a Board meeting in Sacramento, the Board Members are (from left) State Controller Kenneth Cory, Richard Nevins, Ernest J. Dronenburg, Jr., George R. Reilly, and William M. Bennett. At its first meeting in January 1981, the Board elected Ernest J. Dronenburg, Jr., Chairman

to succeed Richard Nevins. George R. Reilly was elected Vice Chairman. The Chairman of the Board of Equalization also serves as a Member of the Franchise Tax Board with the State Controller and the Director of Finance.

The Board appoints an Executive Secretary to direct the activities of its staff and to implement the policies it adopts, the directives it issues, and the actions it takes.

From its inception in 1870 until 1911, the Board was involved exclusively with property taxes, a constitutionally assigned function it still performs. Amendments to the Constitution in 1911 assigned to the Board the administration of other tax programs: corporation franchise taxes, the bank share tax, gross receipts taxes on public utilities, and insurance taxes. The Legislature enacted the Motor Vehicle Fuel Tax (gasoline) in 1923, and assigned administration to the Board. In 1929, the Legislature created the Franchise Tax Commission to administer the Bank and Corporation Franchise Tax Law, and the Board was designated the administrative appellate agency.

In 1935, when the state's new Personal Income Tax Law was enacted, its administration was assigned to the Franchise Tax Commission, and the Board was again named the appellate body.

In 1933 the Legislature adopted the Riley-Stewart Plan, devised by Board Members Ray Riley and Fred Stewart, which returned public utility properties to the county tax rolls. The gross receipts tax on utilities was repealed, and in 1935, the Board resumed its function of assessing the operating properties of privately owned public utilities. The Riley-Stewart Plan made sweeping changes in California's taxation system and the new tax programs it formulated were

assigned to the Board starting in 1933. Within a few weeks, the Board staff was enlarged from 25 to 1,500 employees, and the Board was suddenly transformed into the state's major revenue agency.

In 1933, the Legislature selected the Board to administer the sales tax, and following soon, the use tax, the motor vehicle transportation license tax, the alcoholic beverage tax, and thereafter, other new business tax programs. On July 1, 1956, the Board began collecting city and county sales and use taxes when they were enacted. By 1962, all cities and counties were included in the program. The first state-administered Transit District Sales and Use Tax became operative April 1, 1970 when the Board began administering the tax for the San Francisco Bay Area Rapid Transit District (BART). On April 1, 1977, the Board assumed administration of the Timber Yield Tax, which replaced the former property tax on standing timber.

In 1978, California voters adopted Proposition 13, which completely changed the nature of property taxation and the Board's role in its administration. As a result, the Board redirected its constitutionally assigned property tax functions. It now reviews county assessment levels through a monitoring program and assessment practices surveys. The Board directs, guides, and assists county assessors, assesses public utilities for local property taxation, and administers the Private Railroad Car Tax on cars not owned by railroad companies.

The Board administers business tax programs that affect virtually every facet of California commerce. Included are tax laws governing state, county, city, and transit district sales and use taxes; the motor vehicle fuel tax; use fuel tax; alcoholic beverage taxes; cigarette taxes; the insurance company tax; the electrical energy surcharge; and the emergency telephone users surcharge. Soon to be added is a new hazardous waste tax, enacted into law in September 1981, in legislation which also transfers to the Board an existing waste tax formerly administered by the Department of Health Services.

Tax programs administered by the Board in fiscal year 1980-81 generated \$11.3 billion in revenue, a 6.6 percent increase over the preceding year's total of \$10.6 billion. Included in the 1980-81 revenues were \$8.9 billion in taxes for the state; \$2.0 billion in sales and use taxes for cities, counties, and transit districts; \$363 million in local property taxes from Board assessments of privately owned public utilities; \$8.3 million in private railroad car taxes for the state; and \$18 million in timber taxes to be distributed to local government.

Formal actions of the Board may be classified in three categories: administrative, quasi-legislative, and quasi-judicial.

As an administrative body, the Board develops and adopts capitalization rates, classifies unitary and nonunitary property of public utilities and determines the values of the individual assesseees for local property taxation, sets the Electrical Energy Sur-

charge rate, fixes the 911 Emergency Telephone Users Surcharge rate determined by the State Department of General Services, and administers the Timber Yield Tax Law.

In its quasi-legislative capacity, the Board adopts rules and issues directives for the guidance of industry and local government. As the administrative authority for local property taxes, the Board prescribes property tax forms and publishes handbooks for the assessors' use, to establish and maintain uniform practices among the counties. Administering business taxes, the Board adopts regulations and publishes a law guide and a series of booklets which offer advice (Tax Tips) to various types of business.

In its quasi-judicial role, the Board serves as the appellate body in hearing and adjudicating appeals on final actions of the Franchise Tax Board under the state's Bank and Corporation Tax, Personal Income Tax, and the Senior Citizens Property Tax Assistance Laws. The Board considers petitions for redetermination of business tax matters and appeals of insurance companies under the Insurance Tax Law. In property taxes, the Board considers appeals of assessments made by county assessors on lands, water rights, and certain improvements on property owned by local government but located outside its boundaries, and appeals of reviews made by the Board's Division of Local Property Tax Monitoring in its survey of locally assessed property.

The Board conducts public meetings throughout each year, meeting in Sacramento every month, and as often as necessary in other California cities. In 1980-81, the Board met in Sacramento, Pasadena, San Francisco, and San Diego to hear tax appeals, adopt rules, and handle other matters.

The Board employs a staff of more than 2,600 auditors, appraisers, compliance technicians, analysts, office technicians, and other specialized classifications in its Sacramento headquarters, and in 71 field offices throughout California, and in New York, Chicago, and Houston to serve taxpayers who do business in California although their headquarters or records are located in other sections of the country.

The evolution of the Board of Equalization is depicted on the next page in a summarized chronological history, listing the duties and functions as they have been added through the years and assigned to the Board.

Early in 1981, a history of the Board was published and made available for purchase. Entitled, "The First 100 Years", it is a comprehensive history of taxation in California. It describes the role of the Board in developing, implementing, and administering virtually every tax program in the state's history. It is available at Board headquarters for \$2.65, or by mail for \$3.71, including tax. To order, call in person at 1020 N Street, Sacramento, Room 123, or mail check or money order to P.O. Box 1799, Sacramento, CA 95808, Room 123.

HISTORY OF THE STATE BOARD OF EQUALIZATION

- 1870 State Board of Equalization created by Legislature to deal with property assessment abuses among counties. Board consisted of State Controller and two members appointed by Governor.¹
- 1879 State Board of Equalization established under the State Constitution to regulate county assessment practices, equalize county assessment ratios and assess properties of inter-county railroads. Board consisted of four members elected from Equalization districts and the State Controller.²
- 1911 Constitutional Amendment provided for Board assessment of corporation franchise taxes, bank share tax, gross receipts taxes on public service corporations (utilities), and insurance taxes.
- 1923 Motor Vehicle Fuel (gasoline) Tax enacted.
- 1929 Bank and Corporation Franchise Tax enacted with State Board of Equalization as an administrative appellate agency replacing previous assessing function.
- 1933 Retail sales tax, motor vehicle transportation license tax, and alcoholic beverage tax enacted. Riley-Stewart Plan enacted—assessment of designated public utility properties for local tax purposes.
- 1935 Use Tax enacted—provided further revenue, protected California retailers from tax-free competition from out-of-state sellers. Personal Income Tax enacted with State Board of Equalization as an administrative appellate agency.
- 1937 Use Fuel Tax enacted—diesel tax became a supplement to the gasoline tax.
- 1937 Private Car Tax enacted—state tax on privately owned railroad cars.
- 1951 Administration of Itinerant Merchants Act transferred by legislation from the Public Utilities Commission to the Board of Equalization. This law imposed an annual fee on persons hauling produce across county lines.
- 1955 Constitutional Amendment transferred licensing and control of alcoholic beverages from the Board of Equalization to a new Alcoholic Beverage Control Department and the appellate function to the Alcoholic Beverage Control Appeals Board. Taxing functions remained with the Board.
- 1955 Board-administered Local Sales and Use Taxes program initiated. All California cities and counties were included by 1962.
- 1959 Cigarette Tax enacted.
- 1961 Itinerant Merchants law repealed.
- 1963 Subscription Television Tax enacted.
- 1964 Subscription Television Tax repealed by an initiative measure.
- 1966 Property Tax Assessment Reform Law enacted—mandated certification and training of appraisers, surveys of county assessors' offices, and development of property tax rules and regulations. Also added an appeal procedure at the staff level to the sample property appraisal process.
- 1967 Legislative action increased the Cigarette Tax and provided that 30 percent of the receipts be distributed to cities and counties according to an equitable allocation formula based on local sales tax allocations.
- 1969 Aircraft Jet Fuel Tax enacted.
- 1970 State-administered Transit District Sales Tax program enacted—Bay Area Rapid Transit District and Southern California Rapid Transit District.
- 1973 Motor Vehicle Transportation License Tax repealed.
- 1974 Waxman-Dymally Campaign Disclosure Legislation enacted—provided for audit of campaign statements. This activity terminated late in 1975 with passage of Proposition 9, Political Reform Act, in November 1974.
- 1975 Electrical Energy Surcharge enacted—to fund the State Resources Conservation and Development Commission.
- 1976 Timber Yield Tax enacted. Emergency Telephone Users Surcharge Law enacted.
- 1977 Litter Control, Recycling, and Resource Recovery Assessment Act enacted.
- 1978 Proposition 13 adopted by the electorate June 6, 1978 added Article XIII A to the California Constitution. It changed the system of real property taxation by restricting the maximum ad valorem tax to 1 percent of full cash value, permitting a maximum 2 percent annual increase in the fair market value base to reflect inflation.
- 1978 Proposition 8 adopted November 7, 1978 amended Article XIII A to allow reduction of the full cash value base of real property to reflect substantial damage, destruction, or other factors which cause the value to decline.
- 1979 Litter Control, Recycling, and Resource Recovery Assessment Act amended to eliminate the assessment, allocating funding for the program to the state's general fund.
- 1981 Board designated by Governor to certify boundary changes and governmental reorganizations of local governments to federal agencies to maintain accurate census records and to direct the proper distribution of federal revenue sharing needs.

¹ Although California Governor H. H. Haight "strongly advocated in his message of 1869 the establishment of a state board of equalization," it was not until April 4, 1870 that "the legislature passed a bill . . . creating a state board of equalization composed of the state controller and two members to be appointed by the governor for a term of four years."

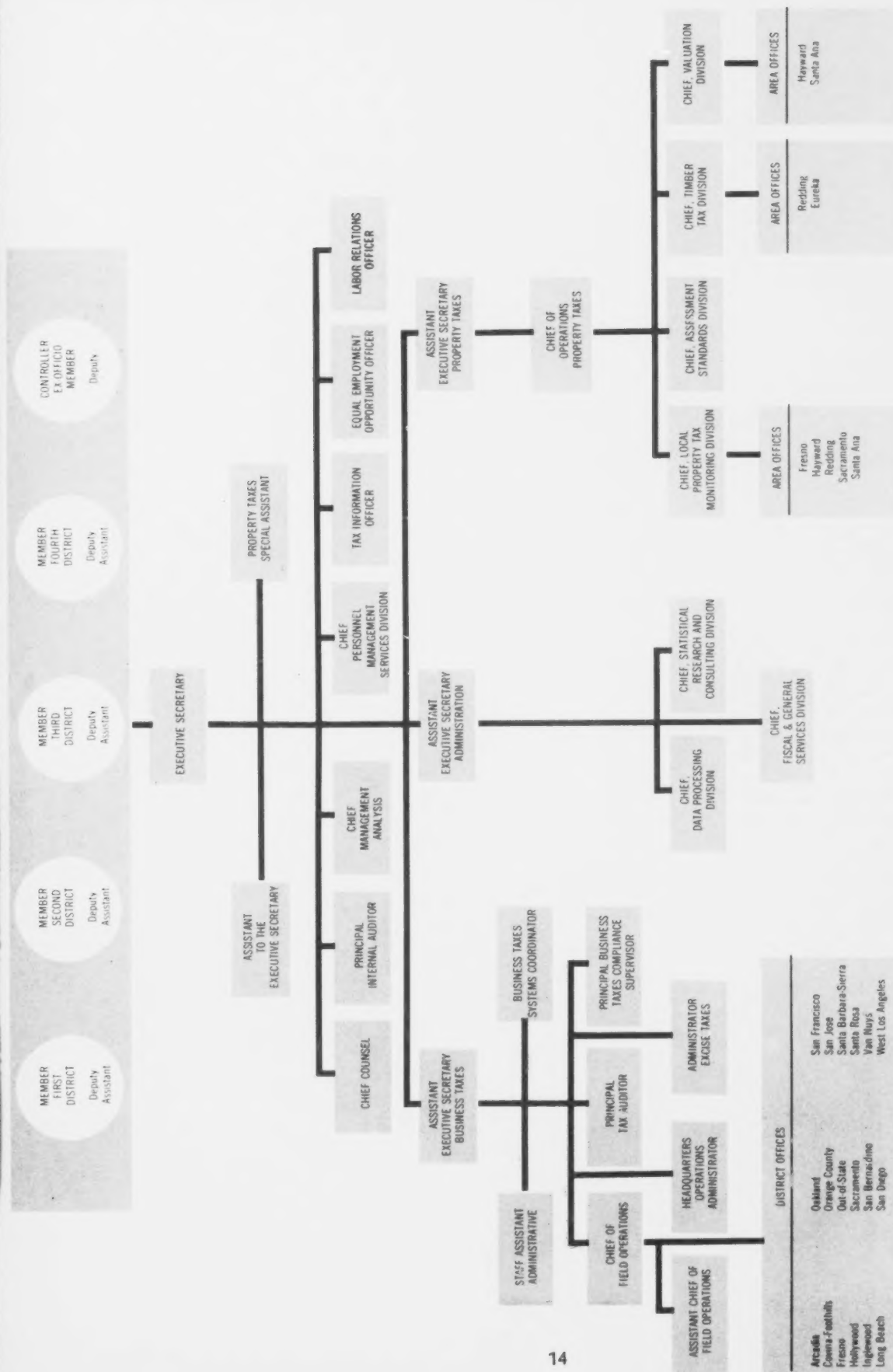
—A Financial History of California,
by William C. Fankhauser—1913

"The board held its first meeting on the second Monday of July, 1870, and organized by electing Robert Watt (Controller), President and E. W. Maslin, Secretary of the Board." The Legislature's Act of April 4, 1870 did not go into effect until July, 1870.

—First Biennial Report of the
State Board of Equalization
November 1, 1871

² The Board in its present form was established by Article XIII, section 9 of the Constitution of 1879. "As originally ratified, (it) provided that the board should consist of one member from each congressional district in the State, to be elected by the qualified electors of their respective districts at the general election to be held in 1879, whose term of office, after those first elected, should be four years, and that the Controller should be ex officio a member of the board."

—California Blue Book or State Roster—1909





III. ADMINISTRATION

DOUGLAS D. BELL
Executive Secretary



BENJAMIN P. DYE
*Assistant
Executive Secretary
Administration*



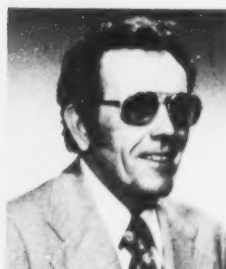
J. D. DOTSON
*Assistant
Executive Secretary
Business Taxes*



GORDON P.
ADELMAN
*Assistant
Executive Secretary
Property Taxes*



JAMES J. DELANEY
Chief Counsel



The Board of Equalization administers state and local business and property tax programs that generated \$10.9 billion in revenue in 1980-81. The administration of these tax programs is the responsibility of the Executive Secretary, who, under the policy guidance of the Board, directs the activities of the staff. The Executive Secretary is assisted by a Chief Counsel, and three Assistant Executive Secretaries—for Business Taxes, Property Taxes, and Administration.

Douglas D. Bell has been Executive Secretary for the Board since May 1, 1977. Mr. Bell joined the Board in 1947 and is the first Board employee promoted to the chief administrative position since the Board was first created in 1879.

J. D. Dotson, Assistant Executive Secretary for Business Taxes, has served in that position since January 1, 1977. Previously, Mr. Dotson was Chief of Field Operations for Business Taxes. He has been a Board employee since 1950.

Gordon P. Adelman was named Assistant Executive Secretary for Property Taxes on May 1, 1979. A Board employee since 1966, Mr. Adelman was formerly Assistant Executive Secretary for Administration.

Benjamin P. Dye was appointed Assistant Executive Secretary for Administration March 6, 1980. Mr. Dye had previously served as Internal Auditor and has been a Board employee since 1948.

James J. Delaney, the Board's Chief Counsel, came to the Board in 1956 and was appointed Chief Counsel January 1, 1977. Mr. Delaney was formerly Assistant Chief Counsel for Property Taxes.

Board Management

Administration staff provides support services in legal counseling, banking and cashing, mail processing, research and statistical analysis, fiscal management, data processing, management analysis, internal audit, tax information, personnel management, training, equal employment opportunity development, material and supply, facilities management, and labor relations.



Legislation

The Board is actively involved in the state's legislative process, in analyzing pending legislation which would affect tax laws, in providing information and assistance to the Legislature for tax policy and tax legislation, and in sponsoring tax legislation it deems necessary for effective and efficient tax administration.

Approximately 270 bills and constitutional amendments related to Board responsibilities were analyzed during the past year by the Board's Legislative Committee. These analyses are used by the Board, by various legislative committees, the Department of Finance, the Legislative Analyst, and the Governor's office in determining what action should be taken on the pending legislation.

Legislative bill analysis is a joint effort by the Legal Section, which coordinates the process and examines statutory implications; the Management Analysis Section, which estimates the cost of administering the proposed legislation; the Statistical Research and Consulting Division, which forecasts effect on revenues; and the Business and Property Taxes Departments, which assess the potential impact on tax programs.

The emphasis of new legislation in 1980-81 shifted away from the property tax issues which had dominated the last two years following the passage of Proposition 13 (Article XIII A of the State Constitution) in 1978. The Legislature turned its attention to other areas relating to Board tax programs—fuel taxes, sales tax rates and exemptions, state agency regulatory processes, and reapportionment. While there was a decline in the number of property tax bills analyzed by the Board's staff, analyses of administrative and business taxes measures were on the rise.



Attorney Larry Augusta, the Board's legislative representative, follows legislative bills relating to tax programs administered by the Board.



Appealing the Board's audit findings, a taxpayer presents his case to Hearing Officer Susan Wengel and Supervising Tax Auditor Wayne Philpot. This informal hearing is the final level of review before the appeal is heard by the Board.

Each year the Board proposes a program of legislation to amend existing tax laws where the Board's experience has shown that administrative or statutory problems exist. The legal staff drafts bills and bill amendments to implement this legislative program and also to comply with requests from legislators.

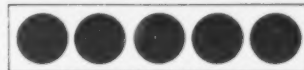
In 1980-81 the Board proposed bills amending various sections of the business and property tax laws. These measures were proposed to close loopholes in the sales tax and property tax laws, authorize collection of delinquent sales taxes from officers of insolvent corporations, improve the hearing procedure for state assesses (public utilities) who contest their assessments, and to provide for a fairer reappraisal procedure for persons whose property is damaged by calamity, such as earthquake, flood, fire, etc.

Legal Services

Legal counsel necessary to administer the Board's business and property tax programs is provided by a staff of 31 attorneys in the Legal Section.

In its advisory capacity, the staff furnishes legal opinions to the Board; it advises county assessors on the application of property tax laws; and it provides the public with written and oral interpretations of tax laws. It also aids the Board's business taxes audit and compliance staff in the collection of delinquent taxes and drafts the administrative rules and regulations adopted by the Board.

Board attorneys provide the legal support services related to the Board's appellate functions. Nine hearing officers conduct preliminary hearings on business taxes appeals, preparing summaries, and recommendations for disposition by the Board. For the convenience of taxpayers, these hearings are conducted throughout the state. During 1980-81, 758 preliminary hearings were held, 68 percent of which were resolved without appeal to the Board. The Board heard oral arguments on 310 business taxes appeals during 1980-81. At these hearings the legal staff presents the available facts and an analysis of the law.



The legal staff participates in the Board's annual valuation of privately owned public utility properties and railroad cars owned by nonrailroad companies. Board attorneys advise the appraisal staff on the application of property tax law and subsequently present the staff's position at state assessee hearings before the Board.

Board attorneys assist the Board in deciding appeals from Franchise Tax Board actions on Personal Income Tax and Bank and Corporation Tax cases. In 1980-81, the Board completed 623 cases and issued 171 formal opinions which became part of a published body of material providing guiding principles and statutory interpretations for use by taxpayers and Franchise Tax Board staff. Board attorneys also prepare analyses of appeals from Franchise Tax Board actions on the Senior Citizens Property Tax Assistance and Postponement Law.

Generally speaking, the legal staff acts as house counsel to the Board in all aspects of its work, and on rare occasions, when authorized by the Attorney General, acts as trial counsel.

A New Assignment for the Board: Certifying Local Government Boundaries

The Governor has appointed Executive Secretary Douglas D. Bell California's official to certify boundary changes and governmental reorganizations of local governments to federal agencies. In a letter to Mr. Bell dated June 2, 1981, the Governor stated that this information is required to maintain accurate census records and to direct the proper distribution of federal revenue sharing funds.

In the past, the Secretary of State's office performed this function for California. However, due to a recent law change, local governments are no longer required to submit all changes through that office.



Delineator Fred Spitzer draws a tax area map defining the boundaries of taxing jurisdictions.

"Inasmuch as the Board of Equalization maintains similar files which are complete," the Governor concluded, "I believe it would be more appropriate for your office to perform the certification function. I have, therefore, designated you as the certifying official for California."

The United States Department of Commerce Bureau of the Census mailed to the Board early in July a list of all municipalities which have been reported to the Bureau as disincorporated, merged, or having become inactive during 1980; a list of boundary changes effective during 1980 for municipalities of 5,000 persons or more; and a list of active incorporated municipalities.

The Board was given approximately one month to review the listings and return its complete certification to the Bureau of the Census in Washington.



In the Statistical Research and Consulting Division, Statistical Clerk Sue Mayhew verifies data for tables which are printed in the appendix of this report.

Statistical Research and Consulting Services

Its administration of business and property tax programs places the Board in a unique position to collect useful data on economic activity in the state. The Statistical Research and Consulting Division uses information gathered from tax programs to provide services to the Legislature, federal agencies and other state agencies, city and county governments, and private firms.

The division prepares revenue estimates on proposed tax legislation to assist the Board in making recommendations to the Legislature and it reviews the revenue aspects of existing tax laws to help the Board maintain efficient administration of its tax programs.

Based on information accumulated in the administration of state excise taxes on motor vehicle fuel and



use fuels, the Statistical Research and Consulting Division prepares statistics on fuel consumption in California and furnishes such data to state and federal government planners, to the media, the petroleum industry, and to other private enterprises.

The division developed 33 revenue estimates during 1980-81 for areas under consideration for incorporation or annexation. The division also prepared, on a fee-for-service basis, several hundred market studies for local governments and private firms.

Same-Day Bank Deposit Program

The Board deposited over \$10,480,611,398.18 in state and local tax payments during 1980-81.

Under the Board's Same-Day Deposit Program, virtually all of the 3.36 million tax payments received by the Board during the year were deposited within 24 hours—most within eight hours—in order to earn the maximum interest for the state.



Senior Accounting Officer Vicki Kjer reconciles records of sales tax revenues forwarded by the Board to the state general fund.

In 1980 the Board contracted with United California Bank (now First Interstate Bank) to accept for immediate credit out-of-state checks of over \$1 million. This arrangement—in part the result of a Merit Award suggestion by seven Cashier Unit employees—earned the state an additional \$153,112 interest during 1980-81 by eliminating the wait of several days during which the state formerly earned no interest.

Acting on another Merit Award suggestion, the Board began storing listings of tax return payments on microfilm to reduce storage space and speed up response time on requests for information.



Tax Compliance Supervisor Dick Schartenburg obtains payment information from a video terminal in the San Mateo District office.

Data Processing

The Board completed the installation of its new Sperry Univac 90/80 computer system during the spring of 1981. The new system enlarges the Board's data processing capability, improves processing time and responses to video terminal inquiries, increases systems reliability, and provides the capability for processing data from remote entry stations.

The Business Taxes Consolidated Information System, a network of video terminals initially implemented in 1976, continues to be expanded and enhanced. During the year, 17 video terminals were added to the system, bringing the total to 113. Forty-two of the Board's 62 field offices, including Chicago and New York, have immediate access to current statewide information by accessing registration, alphabetical reference, security, tax return, delinquency, accounts receivable, audit, and petition and refund files. All of these files, except the audit file, are updated on a daily or weekly basis.



Technician Sharon Johnson operates a word processor in the Data Processing Division.

The expansion of video terminals has made information more readily available to field offices, has improved services to taxpayers as the information available in one office is the same as any other office that has video access, and has aided greatly in the collection of delinquent taxes. The system has virtually eliminated the need for personnel in one field office to contact headquarters units or other field offices to obtain current data. The system has been used to aid the staff in verifying questionable resale certificates as information regarding all taxpayers is readily available. A recent enhancement made to aid the field staff in the verification process was to maintain closeout information on the system for 42 months.

An additional 25 terminals will be added in the spring of 1982, bringing the total to 138. Eventually, the Board plans to install video terminals in all of its full-time business taxes field offices.

Personnel Management

During 1980-81, the Board was authorized to conduct delegated testing for an additional eight job classifications, bringing the total to 29. This authority, granted by the State Personnel Board, empowers the Board to administer examinations and establish lists of eligible candidates for entry-level and promotional positions. As a result, the Board can recruit more effectively, hire more rapidly, and speed promotional opportunities within the Board for its employees.

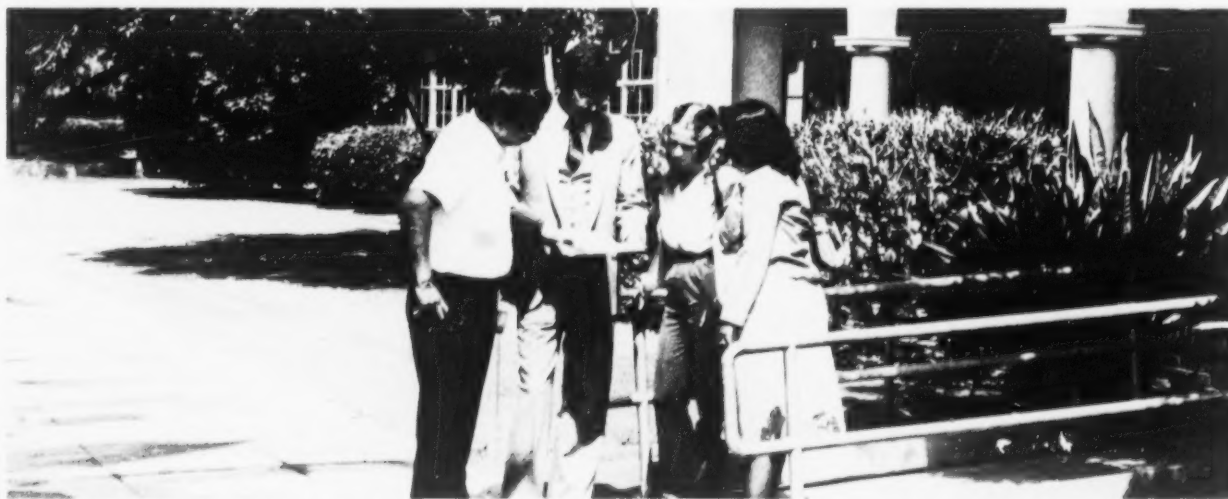
Delegated testing authorization has been especially helpful to the Board in its efforts to recruit auditors. With 902 audit positions authorized, the largest audit staff in state government, the Board has had considerable difficulty in hiring qualified personnel and keeping them because of competition from the private sector.



In the Personnel Management Services Division, Exam Unit Supervisor Nancy Barth (left) reviews delegated testing schedule with Personnel Assistants Terry Bonilla (center) and Cheryl Gordon.

Continuing the Board's vigorous recruitment programs at colleges and universities throughout the state, Board staff contacted accounting professors statewide to acquaint them with career opportunities the Board can offer graduating seniors. Recruitment was also conducted at the State Personnel Board's open examinations for auditor applicants which were given in Sacramento, Los Angeles, and the San Francisco Bay Area. Recruiters visited college job placement offices, and special Career Days, Job Fairs, Meet the Firms Night, and Minority Expositions around the state.

Special efforts continue to recruit and hire minorities, women, and the disabled.



In the Board's college recruitment program, Tax Compliance Supervisor Jerry Davenport (2nd from left) discusses the Student Assistant Program with students at Long Beach College.

Training

The Board's Training Committee develops an annual training plan to train Board employees in subjects that will help them improve their job performance and expand their capabilities to qualify them for promotion.

The Board's Training Committee consists of representative staff members selected from the district offices and various divisions at headquarters. Essential training needs are defined, utilizing resources within the Board to provide most of the courses. The annual training plan is submitted for approval to the Executive Secretary at the beginning of each fiscal year, and is subsequently implemented by a network of employee-training coordinators under the direction of the Training Officer.

Specialized training courses are provided in auditing, property appraisal, skip tracing and collection techniques, functional supervision of the collection and registration processes, field office clerical support program, public relations, and interviewing techniques, etc.

Working with the Training Office, the Board staff designs and instructs most of these courses. If specific training is not available within the Board, it is provided through such outside sources as the State Departments of Personnel Administration and General Services, California state colleges and universities, and U.S. Civil Service.

The Board's courses for auditors and appraisers are recognized for continuing education credit by the Society of Certified Public Accountants, the American Institute of Real Estate Appraisers, and the Society of Real Estate Appraisers.

During 1980-81, the Board's Data Processing Division completed its first full year of training by means of a video-assisted self-teaching system. The new system, acquired in May 1980, employs a combination of video demonstrations, tape recorded lectures, and programmed texts to provide the Data Processing staff with individual, highly technical instruction. The new training resource offers a wide range of courses which may be rented at a fraction of the cost of the training provided by computer manufacturers. The video training system also offers flexibility in scheduling, eliminates travel costs, keeps employees on-site to meet emergency workloads, and is available around-the-clock for use by night-shift employees.

Equal Employment Opportunity

The Board conducts an Equal Employment Opportunity Program to bring the composition of its workforce to a level of parity with the state's labor force as a whole.

The efforts of the program over the past three years have been instrumental in increasing the num-



Tax Auditor Frank Cox teaches a course in statistical sampling in the Orange County District office.

ber of minority group employees on the Board's staff. Parity for black employees in the clerical and professional classifications was reached in 1979-80. In 1980-81 the Equal Employment Opportunity Program concentrated its efforts on the Board's remaining underrepresented groups: Hispanics and women in the professional classifications and the disabled at all levels.

At the end of 1980-81, the number of full-time minority employees on the Board's staff totaled 660 or 25.3 percent. An additional 31 Hispanic employees were recruited, bringing this group to 8.4 percent of the Board's workforce. The number of women in the professional staff category climbed to 240 or 16.3 percent. Of the 182 professional promotions during the year, 37 percent were women. At the end of this period, the disabled comprised an estimated 3.4 percent of the staff.

The Board's seasonal employment program provided supplemental help to offices during peak workload periods while offering employment opportunities and work experience to participants. State Personnel Board reports show the Board of Equalization leading among comparably sized state agencies in hiring minorities—mostly young people—through this state-funded program. During 1980, 123 seasonal appointments were made, 75.6 percent of which were members of minority groups recruited through the diverse network of community organizations.



San Bernardino District auditors attend a training session.

The Board continued its participation in community sponsored employment programs which receive federal funding or a combination of state, local, and federal funds. During 1980-81, the Board made numerous temporary appointments through the Comprehensive Youth Program, Youth Employment Services, Federal Temporary Clerical Support Program, Project Move, Summer Youth, Displaced Homemakers, New Careers, and the Ex-Offenders Program.

The Board conducts an Upward Mobility Program to encourage its clerical and technical employees to seek promotional opportunities. In 1980-81, 75 employees were enrolled in the Upward Mobility Training Program which assists lower-paid employees to meet the educational requirements to qualify for professional examinations. Training and development assignments are used to provide clerical and technical employees on-the-job training for professional positions. The use of preprofessional or "bridging" classes, such as Management Services Technician or Program Technician II, enables employees to gain qualifying experience for promotional examinations. In June 1981, the Board published an Upward Mobility Handbook for distribution to all employees.



The Board participates in community-sponsored employment programs funded by federal, state, and/or local sources. In the Orange County District office, File Clerk Jeanette Rodriguez (left) trains Youth Aid Eugenia Lopez.

The Board worked with the State Department of Rehabilitation and community organizations to provide employment opportunities for the disabled. Handicapped parking and building access for the public and employees have been provided at nearly all of the Board's 71 business and property taxes field offices. The Sacramento headquarters building was made accessible for wheelchairs with the completion of a ramp entrance in June 1981.

In response to a mandate by the Legislature and the Governor, the Board amended its equal employment opportunity policy in April 1981 to prohibit discrimination in hiring or promotion based on sexual preference and to prohibit sexual harassment.



Fiscal Office Account Clerk Helen Fulkerson operates a computerized bookkeeping machine.

Collective Bargaining

On March 12, 1981, the California Supreme Court overturned the March 1980 State Court of Appeals Decision which had voided the State Employer-Employee Relations Act (SEERA), and decided in *Pacific Legal Foundation v. Brown* that SEERA is constitutional in its entirety. This decision cleared the way for the final actions necessary to establish a collective bargaining system for eligible state employees.

In response to the Supreme Court's decision and the immediate increase in collective bargaining activities, the Board of Equalization moved on April 24, 1981, to create a Labor Relations Office in the Board. Initially reporting to the Executive Secretary and consisting of a Labor Relations Officer and two staff members, the Labor Relations Office provides central coordination and assistance to the Executive Secretary, Board Members, and management staff in labor relations matters.

On May 1, 1981, the new Department of Personnel Administration became operative as a result of the Governor's Reorganization Plan Number 1. This plan created the Department of Personnel Administration to assume responsibility for implementation of SEERA, managing the non-merit functions of the state personnel system, and centralizing state personnel functions. The State Personnel Board will continue to fulfill constitutional authority for operation of the merit system, including recruitment, selection, position classification, affirmative action, and review of disciplinary actions and discrimination complaints.



Fiscal Office Property Clerk Carl Northeimer processes purchase orders for Board supplies.



The Department of Personnel Administration in late May 1981 organized eight statewide steering committees to provide a management structure for negotiations and the administration of contracts that will result from the collective bargaining process. The Board of Equalization is a member of the White Collar Steering Committee, which has responsibility for over 67,000 state employees in Bargaining Unit #1—Administrative, Financial and Staff Services, Unit #2—Attorney and Hearing Officer, and Unit #4—Office and Allied. These three bargaining units represent the vast majority of the Board's employees covered by the State Employer-Employee Relations Act.

Election of exclusive representatives for the employee bargaining units were held in May and June 1981. The elections were conducted by the Public Employment Relations Board for the 30 employee bargaining units defined in late 1979. Election results were announced in late June 1981 with California State Employees' Association winning Bargaining Units #1 and #4. Bargaining Unit #2 election results are undecided and await a decision by the Public Employees Relations Board. Certification of exclusive bargaining agents and formal collective bargaining sessions were scheduled to begin during the summer.

Tax Information

The Board publishes pamphlets, bulletins, and reports, and issues news releases to the statewide media in its effort to keep taxpayers and the general public well-informed about business and property tax programs.

A series of "Tax Tips" pamphlets provide nontechnical summaries of business tax regulations as they apply to more than 40 categories of business and industry. The "Appeals Procedure" pamphlet advises taxpayers how to obtain administrative review of assessments made by county assessors and taxes administered by the Board of Equalization or the Franchise Tax Board.



Office Services Supervisor Donalda Fitzgerald reviews employee travel claims in the Fiscal Office.



The use of pre-professional job classifications prepares Board employees for career advancement. As a Management Services Technician, Sandi Mede coordinates training for Administration staff.

The quarterly publication, "Taxable Sales in California," is published by the Board as a public service. This report lists amounts of taxable sales based on sales tax revenues, by type of business within cities and counties. Compiled by the Statistical Research and Consulting Division, the report is widely used to measure trends in the state's economy.

The Board also publishes complete annotated copies of Property Tax Laws and Business Tax Laws, available at cost to the public.

Information of more general interest is conveyed by news releases delivered to more than 500 daily and weekly newspapers, radio and television stations throughout the state. Prepared by the Tax Information Office, news releases announce Board hearings, actions taken, and changes in policy. They provide statistical information gathered from Board-administered tax programs, such as levels of taxable sales activity, monthly gasoline consumption figures, and amounts of sales tax revenue returned to local government. Taxpayers are reminded through news releases to apply for homeowners' and veterans' property tax exemptions and are instructed how to obtain postponement of taxes following natural disasters.

A wide variety of telephone and mail inquiries from the press, public, Legislature, and government agencies are provided an immediate response by the Tax Information Office.

In January 1981, the Board published a history of its "first one hundred years." Established by the State Constitution in 1879, the Board of Equalization has had the major role in developing, implementing, and administering virtually every tax program in California. The publication, a comprehensive history of taxation in the state, was coordinated by the Tax Information Office and is available at cost to the public.

Publication of this legally mandated Annual Report to the Governor is also coordinated by the Tax Information Office.



IV. PROPERTY TAXES

The Board's property tax activity predates the creation of the Board as a constitutional office by some ten years. In 1870 the Legislature passed a bill enabling the Governor to appoint two members who, along with the State Controller, formed the first State Board of Equalization. Its duties were to oversee and equalize the assessments of county assessors for property tax purposes. That original Board was hampered by differences in interpretation, resistance from some counties, indecisiveness in the Legislature, and judicial action blocking Board efforts to equalize assessment levels between and among counties by property types.

A constitutional convention in 1879, confronted by these problems, added Article XIII, Section 9 (now Section 17) to the California Constitution, to create the State Board of Equalization as a constitutional office. The Board was charged in the Constitution with the responsibility for overseeing the administration of the local property tax as administered by the elected assessors and other local tax officials. This responsibility has remained with the Board but with significant modification as the role of the property tax has changed through the years in the state-local delegation of areas of responsibility and the source of revenues has shifted.

As local government assumed more and more administrative responsibility in the 1920s, the state derived almost no revenue from the property tax. The Board's property tax activities declined, until 1933, when the Constitution was again amended and the Legislature adopted the Riley-Stewart Plan which redefined the duties of the Board virtually to what they are today. The plan was formulated by two Members of the Board—State Controller Ray L. Riley, and Second District Member Fred E. Stewart—to cope with a revenue crisis that threatened California's solvency during the Great Depression in the 1930s.

The Board was charged with monitoring the local property tax, assessing railroads and public utilities, and assisting and advising the county assessors, the Legislature, and other interested parties. Although the general property tax functions of the Board have remained unchanged since then, its specific charges have been altered by various developments.

Following the end of World War II and into the mid 1970s, the state's general fund played an increasing role in funding the public education system and numerous social services on a shared relationship with the local property tax. This sharing arrangement increased the necessity for full equalization of assessment levels between counties. The Board was therefore required to strengthen its monitoring activity of assessment differences between the counties. In 1966, assessment reform legislation directed the Board to augment its evaluation of assessment practices within counties as well. The Board was charged with such tasks as appraiser certification; assuring the completion of the annual appraiser training requirement, primarily through Board-sponsored courses; and periodic in-depth reviews of the assessment practices of each of the 58 county assessors' offices. The Board was thus required to expand its control over the counties' assessment practices.

In 1976, the Legislature enacted the Timber Yield Tax as a form of severance tax in lieu of a property tax on standing timber. Administration was assigned to the Board. Timber and timber products are taxed at the time they are harvested and at their estimated harvest value at the time of harvest.

Real estate values rocketed to new heights in the late 1970s as homeowners contemplated their equally soaring property tax bills; relief was offered in the form of Proposition 13. Voters overwhelmingly passed the proposition and added it to the California Constitution as Article XIII A, effective 25 days after its enactment.

The amendment gave immediate relief to the majority, but ambiguity in the wording forced the courts, the Legislature, and the Board of Equalization to define terms such as "new construction," "change in ownership," and "decline in value." County assessors, faced with last minute legislation and administrative rules, struggled to make their assessment rolls both timely and legally correct.

Most legislation and administrative interpretations of great import occurred in the two fiscal years following the enactment of Article XIII A. The fiscal year 1980-81 experienced only minor or special property tax legislation and administrative rules. Never-



theless, the taxation of property is still an important source of revenue to local government. With drastically reduced appraisal staffs, county assessors continue to strive for accuracy in their appraisals of transferred property and new construction. At the same time, the Board of Equalization encourages and monitors the assessment practices of county assessors in maintaining uniformity and conformity, particularly with the provisions of Article XIII A and the subsequent legislation.

The functions of the Board's Property Taxes Department, composed of four divisions, and its more significant activities during the past year are summarized here.

Advice to the Assessors

During the past 12 months, almost 200 advice letters were prepared and distributed to the assessors and interested parties. These letters deal with a great variety of subjects, ranging from the dissemination of court decisions and legal opinions, to the distribution and interpretation of pending and adopted legislation, and to the distribution and explanation of proposed and adopted Board rules, to illustrations of special techniques to cope with particular assessment problems. These letters have taken on increased importance since the enactment of Article XIII A because of the numerous questions raised by assessors and assesseees, constantly changing legislation, and numerous decisions of the courts.

The Board prepares and maintains Assessors' Handbooks, the principal form of advice to assessors. These publications are currently undergoing significant revisions caused by the numerous changes in implementation of Article XIII A. Until the hand-



Word Processing Technician Becky Britt keys exemption claim information into the word processing equipment used by the Assessment Standards Division.



Assistant Property Appraiser Peter Gaffney drafts an advice letter to assessors.

books are revised and distributed, the letters to the assessors serve to fill the gap in formal guidelines. The handbooks contain a total of 4,330 pages of instruction in assessment practices. Examples are the General Appraisal Manual (#501), Appraisal of Agricultural Property (#521), Industrial Building Costs (#533), Residential Building Costs (#531), Lessors and Vendors (#588), Equipment Index Factors and Inventory Ratios (#581), and The Welfare Exemption (#267).

In addition to the Letters to Assessors, the Board's staff again responded to hundreds of inquiries for specific information from assessors, the Legislature, and taxpayers. Correspondents asked primarily about changes of ownership that cause reappraisal and what elements constitute new construction as defined by Assembly Bill 1488, Chapter 242, Statutes of 1979.

The need to provide rapid information, changes in procedures caused by new legislation, and the obligation to draft revisions to the Property Tax Rules prevented the Board's staff from making necessary revisions to various sections of the Assessors' Handbook during the year. Eventually much of the information contained in the Letters to Assessors will be incorporated into the Assessors' Handbook.

An important part of the enacting legislation following the adoption of Article XIII A was the need for a form for the taxpayer to fill out advising the assessor of the circumstances surrounding property transfer and the financial consideration, if any. Without such information, some transfers would be reappraised as "change in ownership" although they qualified as one of the exempt transactions. This form was difficult to develop because of the divergent opinions among the counties and the changing legislation.



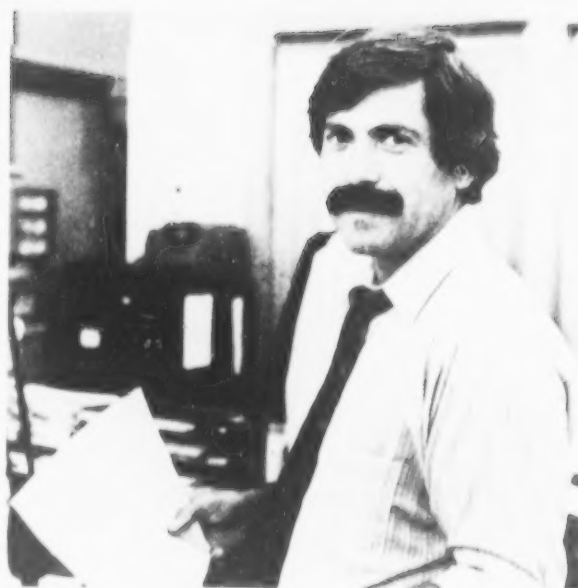
Appraiser Certification and Training

Appraisers employed by the Board and by county assessors must be certified by the Board as qualified. As of June 30, 1981, 2,497 certified appraisers were employed statewide. To retain their certification, appraisers must undergo prescribed training each year. Formal courses and workshops are provided by the Board to fulfill those requirements. During the past fiscal year, the Board conducted 38 courses, which were attended by 923 appraisers.

The training courses are changed frequently to reflect the modifications to assessment techniques mandated by Propositions 13 and 8 (1978), their implementing legislation, the Board's rules, and ensuing court decisions. Workshops during the past year dealt extensively with changes in ownership, as the Legislature continued to clarify the implementation measures of Proposition 13. Ownership changes involving legal entities, new construction, how to value new construction in progress, and the appraisal of mobilehomes were among the major issues addressed. The Board conducted 12 one-day workshops on change of ownership with a total of 335 assessment personnel participating.

The primary emphasis in training auditor-appraisers has shifted from the auditing of business inventories, now 100 percent tax-exempt, to the proper classification of machinery and equipment as real or personal property. (Machinery classified as personal property will continue to be valued at its full market value. Real property values will be limited by the provisions of Proposition 13, reverting to base-year value increased by no more than 2 percent per year, until a change in ownership occurs.)

Legislation enacted in 1979 altered significantly the method for taxing mobilehomes. Beginning with the 1981-82 assessment roll, mobilehomes will move increasingly from a license tax to a property tax. To prepare assessors for the change, the Board conducted two-day workshops on the subject in 17 loca-



Principal Property Appraiser Al Dutra, supervisor of an assessment practices survey crew, returns to headquarters to prepare a report on county operations.

tions around the state, which were attended by 836 assessment personnel.

A total of 29 workshops presented on these two chief topics—change in ownership and mobilehome taxation—attracted attendance by 1,171 personnel.

Assessment Practices Surveys

A new four-year cycle was adopted by the Board during 1980-81 to replace the former six-year cycle for surveys of the counties' assessment practices. Because of the recent major changes in the laws governing the administration of the property tax, analyzing assessor operations only once every six years was determined to be too infrequent. The new four-year cycle coupled with a revised method of field sampling of assessments on the local roll will enhance the Board's production of assessment practices surveys.

Current surveys emphasize compliance with the provisions of Article XIII A (Proposition 13), and with other recent constitutional and statutory laws, Board rules, and recent court decisions. Additional emphasis has also been placed on assessors' management systems. Although cyclical reappraisal is not permitted for most properties under Article XIII A, surveys continue to reveal problems in appraisal techniques in most counties. Appraisals are still made under specific situations and for restricted properties (open-space land) still requiring annual appraisal. Also, a new set of quasi-appraisal questions have arisen, such as, does the property transfer qualify for a reappraisal? Or, is a specific alteration to be classified as "new construction"?



Associate Property Appraiser Gene Palmer conducts a workshop on mobilehome appraisals for county assessor personnel.



ASSESSMENT PRACTICES SURVEY



Assessment practices survey team leader John McCoy (center) and Associate Property Appraiser Robert Steger (left) discuss the Board's prior survey of San Francisco County with Assessor Sam Duca.



John McCoy reviews the Assessor's organizational structure with San Francisco's Chief Appraiser Robert Kennedy.



Robert Kennedy and Assistant Chief Appraiser Henry McKenzie (seated) outline the county's methods for real property appraisals to Robert Steger.



Vic Udalloff (left) Chief of Technical Services in the San Francisco County Assessor's office, describes the county's property exemption program to Vance Price, the Board's Exemption Supervisor.



Associate Property Auditor-Appraiser James Barga (left) discusses San Francisco's business property assessment program with Al Wong, Chief Auditor of the Assessor's office.



John McCoy and Robert Steger review their proposed assessment practices recommendations with Assessor Sam Duca.



To survey a county, the Board assigns a team that typically includes a real property appraiser, an auditor-appraiser, a management analyst, an exemptions specialist, a mineral property specialist, and a cadastral map draftsman. The team studies records and interviews key members of the assessor's staff in evaluating the effectiveness of the assessor's operations.

The team's findings are then published in a report that includes recommendations and suggestions for improving the quality and efficiency of the practices and procedures followed by the assessor and his staff. The report may also include descriptions of new or outstanding programs employed by the assessor. The report is distributed to the Governor, both houses of the Legislature, the Attorney General, and to the board of supervisors, grand jury, and assessment appeals board of the surveyed county. Within one year of publication, the assessor must file with his board of supervisors a written response to the recommendations, and copies of the response are filed with the Board of Equalization. Each report is also distributed upon request to every county assessor in California to acquaint all assessors with common assessment problems and recommended solutions.

These once-in-four-year assessment practices surveys now closely follow the appraisal reviews conducted by the Local Property Tax Monitoring Division. The plan is for the assessment practices survey to be completed within 18 months of the start of the field appraisal sample. Under this format, considerably more detail will be available on areas of conformity and nonconformity as well as a diagnosis of the possible reasons for nonconforming practices. During 1980-81, the Board published assessment practices surveys in seven counties and began work in 15 others. Surveys were completed and published for the counties of Amador, Lake, Monterey, San Benito, San Diego, San Mateo, Sierra, and Tulare.

Special Topic Surveys

Specific practices that are of urgent concern to the Board, the Legislature, or the assessors are the subject of a statewide special topic survey. The first survey of this type was conducted in 48 counties in the spring of 1980 to determine the procedures followed by assessors when valuing property subject to open-space agreements. A special topic survey on "Petroleum Producing Properties" was completed during 1980-81, and special topics surveys on "New Construction", "Change in Ownership", and "Mandatory Audit Program" will be completed soon.

Contract Audit Program

County assessors are required by law to audit, once every four years, the records of any taxpayer who owns business personal property and fixed equipment located in that county valued at \$200,000 or

more. Auditing the records of taxpayers who maintain their records outside of California would be costly if each assessor acted independently and audited only that part of the records pertaining to property in his county. A number of counties have therefore joined to conduct cooperative audits of taxpayers who own property in each of those counties. These audits are made both in-state and out-of-state.

The Board is mandated by law to offer a contract audit program and does so for 25 counties. The Board maintains permanent business taxes audit staffs in Chicago, New York, and Houston that provide property tax audits at lower travel costs. Whenever possible, these audits are performed for several counties to reduce costs even further. Since 1966 the Board has completed more than 5,000 audits for 52 counties and for the State Controller. The audits have proven to be cost-effective. During 1980-81, the Board's staff conducted 130 audits, which returned an unusually high \$20.93 for each dollar spent. The return for the preceding year was only \$4.70.

Property Tax Exemptions

The premise that governs California assessments is that all property is taxable unless it is exempted by federal or state laws. Although federal law has little effect on property tax assessments, the California Constitution and the Revenue and Taxation Code provide a wide variety of exemptions and special assessment procedures.



In his research for a special topic survey, Ray Rothermel, Senior Petroleum and Mining Appraisal Engineer, studies maps of the state's oil producing properties.

There are two types of exemption from property tax: those for which application must be filed annually, and those for which no claim is necessary. For full or partial exemption, claim forms must be filed for



works of art, cemeteries, churches, colleges, disabled veterans, special exhibitions, homeowners, free public libraries, free museums, public schools, veterans, veterans' organizations, certain vessels (those engaged in the business of catching fish, that carry or transport seven or more passengers for hire, or conduct oceanographic research), and welfare, (non-profit organizations which perform religious, hospital, scientific, or charitable services).

A list of 45 other types of exemption are authorized by the State Constitution and the Revenue and Taxation Statutory Code which do not require claim applications. These include personal effects, household furnishings, pets, livestock, government-owned aircraft, cargo containers for transporting cargo on vessels, growing crops, and business inventories.

Most publicly owned properties are completely exempt. Public agencies cannot be assessed except when a local agency acquires taxable real estate outside its boundaries, while private parties can be assessed for possessory interests they hold in publicly owned real property.

Some types of property, such as churches and welfare properties, are assessed at full value but may qualify for full or partial exemption. Such exemptions reduce or eliminate the general property tax on the properties, but certain special assessments remain applicable.

Some exemptions, such as the homeowners' and veterans' exemptions, are fixed dollar amounts regardless of the value of the property. However, the exemption cannot exceed the value of the property.

There are many types of exemption for personal property. Certain documented commercial fishing vessels are 96 percent exempt. Certificated aircraft are fully assessable for the time spent in California. Business inventories received a percentage exemption from 1969 through 1979 but are now fully exempt.

Appraisals at other than market value are required for certain properties, most notably property subject to open-space agreements and those timber lands zoned TPZ. These methods have the effect of partial exemption because the resulting assessment is lower than it would be if the property were appraised at current market value or under the provisions of Article XIII A.

The Board acts in an advisory capacity on all exemptions and is directly involved in the administration of the welfare exemption.

The welfare exemption is a total exemption from property taxes for property where nonprofit organizations engage in religious, hospital, scientific, or charitable activities. The Board must annually review each claim and decide if the properties are eligible. Without this determination, the county

TABLE A
GENERAL PROPERTY TAX: ASSESSED VALUE OF TANGIBLE PROPERTY, TANGIBLE PROPERTY TAX LEVIES,
AND AVERAGE TANGIBLE PROPERTY TAX RATES, 1971-72 to 1981-82

Fiscal Year	Assessed Values ^a				Property Tax Levies ^b		Average Property Tax Rate (in percent)		Property Tax Relief ^c
	Gross (000 omitted)	Annual Change As %	Net Taxable ^f (000 omitted)	Annual Change As %	Amount (000 omitted)	Annual Change As %	Nominal ^d	Effective ^e	Amount (000 omitted)
1971-72	60,656,128	5.7	55,770,999	5.9	6,372,331	11.4	11.43	2.80	361,643
1972-73	64,767,892	6.8	59,613,473	6.9	6,819,077	7.0	11.44	2.81	449,154
1973-74	69,115,976	6.7	59,616,596	0	6,647,769	-2.5	11.15	2.66	1,049,055
1974-75	76,275,719	10.0	65,693,398	10.2	7,383,411	11.0	11.24	2.73	1,167,985
1975-76	84,879,753	11.3	73,242,825	11.5	8,304,125	12.5	11.33	2.80	1,306,206
1976-77	96,104,750	13.2	83,687,264	14.3	9,376,391	12.9	11.20	2.81	1,344,981
1977-78	109,390,134	13.8	96,263,695	15.0	10,276,725	9.6	10.68	2.47	1,425,570
1978-79	119,542,405	9.3	105,547,349	9.6	5,035,896	-52.2	4.79	n.a.	786,858
1979-80	135,715,402	13.5	120,766,684	14.4	5,661,081	12.4	4.69	n.a.	988,916
1980-81	147,923,741	9.0	137,570,471	13.9	6,360,276	12.4	4.63	n.a.	1,337,588
1981-82	672,280,561 ^g	13.6 ^g	628,589,188 ^g	14.2 ^g	n.a.	n.a.	n.a.	n.a.	n.a.

^a Includes locally taxable state-assessed property, but excludes the railroad rolling stock of companies other than railroads, which is subject to a state property tax in lieu of local taxes. Gross values include all exempt values for which annual applications must be made (except cemeteries) and the exempt value of business inventories prior to 1980-81 when such property became totally exempt (see footnote ^f); net taxable values exclude these exemptions. For further detail, see Appendix Tables 4-17B.

^b Excludes ad valorem special assessments through 1977-78, but includes them beginning in 1978-79 following Proposition 13. Property tax relief payments by the state to local governments, sometimes viewed as state payments of property taxes, are also excluded.

^c Includes state payments to local governments for all reimbursable exemptions, plus senior citizens' property tax assistance. During 1980-81 the state allocated the following amounts to local governments to cover these: homeowners, \$333,657, 125; business inventories, \$494,995,168; renters, \$406,812,796; senior citizens total, \$86,562,414 (property tax assistance, \$18,985,471, and renters tax relief, \$49,576,

943); open-space lands, \$13,235,256; and other, \$20,325,244. These amounts total \$1,337,588,003.

^d Property tax levies divided by assessed values representing varying percentages of market value.

^e Property tax levies divided by the estimated market value of net taxable properties. Beginning with 1978-79 an effective tax rate can no longer be calculated, since assessed values are not based on market values.

^f The growth in net taxable valuation was sharply reduced by the homeowners' exemption (\$750 of assessed value from 1969-70 to 1972-73 and \$1,750 beginning in 1973-74), and the business inventory exemption (15% of assessed value in 1969-70; 30% during 1970-71 to 1972-73; 45% in 1973-74; 50% from 1974-75 to 1979-80; and 100% beginning in 1980-81). For 1981-82 the homeowners' exemption accounted for \$29,138,313,000 of assessed value.

^g The ratio of assessed value to taxable value was changed to 100 percent (from 25 percent) beginning with the lien date for 1981-82. The percent change was computed "after factoring the 1980-81 valuations to 100 percent of value."

n.a. Not Available.



assessor cannot grant the exemption.

During 1980-81, the Board's staff reviewed 8,545 welfare claims covering 13,919 properties with an aggregate assessed value of \$9,050,036,000 billion.

Exemptions are enacted by the State Legislature and affect local revenues. State subventions are paid to local government for some exemptions to offset all or part of revenue loss. Two major examples are the homeowners' exemption and the business inventory exemption. Assembly Bill 66, enacted in September 1979, completely exempted all business inventories, and inaugurated a new mechanism for calculating the amount of the related subvention. Formerly the state subvented the full amount of revenue loss from this exemption, but with the enactment of Assembly Bill 66, inventories will no longer be assessed. This first year under the new subvention formula, revenue returned to local government equals twice the amount of money allocated last year (1979-80), when the 50 percent exemption was in effect. (This is an amount equal to the sum of the 1979-80 subvention plus locally assessed inventory revenue.) Thereafter, the subvention each year will be adjusted by the sum of the percent change in cost of living and population for each jurisdiction.

Local Property Tax Monitoring

This program is the successor to the former inter-county equalization program. From the inception of that program, the Board has been required to oversee the local property tax system; to monitor its level of conformity with state laws, rules, and regulations; and whenever necessary, to take steps to assure equalization both between individual counties and within counties. This function has had a turbulent history almost from the start, culminating with the



Appraisers Ken Dal Busco (left) and Tom Robinson appraise a sample property in Modesto to determine if the Board staff concurs in the values set by the county assessor.



Associate Property Appraiser Paul Meyer of the Local Property Tax Monitoring Division, makes a field inspection of a residential property appraised by Solano County.

aftershocks caused by Article XIII A and its implementing legislation. This Board program was most significantly altered by the voter-approved initiative.

Both the State Constitution and the statutes require the Board to determine annually assessment levels in each of the 58 counties. Neither funding nor techniques are available at present to fulfill that mandate. Furthermore, the two principal methods of accomplishing equalization available to the Board, (1) automatic equalization of state aid via the "Collier Factor," and (2) countywide equalization orders are either inoperative or impractical since the passage of Article XIII A in 1978.

Rather than ignore this important function, the Board has turned to a third enforcement technique: the assessment practices surveys, (page 25), which evaluate the effectiveness of the assessor's appraisal system and assessment program. These reports call to the attention of state and local government and county assessors defects in each county's assessment system. By linking the field appraisal surveys with the more office-oriented assessment practices surveys, a more detailed and comprehensive evaluation of the total assessment system is made. To achieve this linkage, several steps were taken by the Board.

First, both surveys were put on a four-year cycle, with the assessment practices surveys to follow immediately the field appraisal surveys. Secondly, the structure of the field appraisal surveys were significantly altered to deal with the specific provisions of Article XIII A. The key elements of the revised structure are as follows:



Associate Property Appraiser Bob Curry of the Local Property Tax Monitoring Division appraises an agricultural property assessed by Solano County under an open-space preservation contract (Williamson Act).

1. The assessments will be stratified (classified) into five categories based on the reappraisal criteria: 1975 base-year properties; those with a change in ownership since March 1, 1975; those with new construction; those secured roll properties not covered by Article XIII A; and unsecured assessments.
2. The field work is completed in two stages. Determination must be made as to (a) whether the Board staff concurs with the assessor's appraisals; and (b) if not, the staff's determination of the taxable value.
3. The discussion will deal both with the concurrence and nonconcurrence and with the assessor's value conclusions.
4. Considerable attention will be given to the factors leading to the Board staff's findings of non-concurrence.

5. The appraisal surveys will not result in county or statewide estimates of values or ratios. Instead, they will focus on conformance with state laws and rules. The results will be published and expanded on in the assessment practices survey that will follow.

During 1980-81 sample surveys were started in 15 counties under the modified procedures. Progress has been slow this first year largely because of the late start in obtaining the 1980-81 assessment rolls and retraining the staff in the new procedures. It has been necessary to modify these procedures somewhat as new laws are passed and court cases are resolved. Further modifications have been made after consultation with the assessors in the various counties. Additional modifications may result as the Board continues to meet with the assessors to resolve differences on the results of these sample surveys. A modified appeals procedure was adopted and placed into effect during the year.



Associate Property Appraiser Mervin Kayser of the Local Property Tax Monitoring Division measures the dimensions of a motel to estimate its value.



Assessment of Public Utility and Related Properties

Section 19 of Article XIII of the Constitution directs the Board of Equalization to assess annually all pipelines, flumes, canals, ditches, and aqueducts not entirely within the limits of one county, and all property owned or used by railroads, railroad car companies, telephone and telegraph companies, and companies engaged in the transportation of natural gas and electricity. The assessed values of these properties, based upon the valuations determined by the Board, are allocated to the individual taxing jurisdictions in which the properties are located.

The Board assessment roll—\$35.7 billion in 1981—is exceeded only by the rolls of four California counties.

The properties the Board assesses are classified either "unitary" or "nonunitary" properties. Unitary properties are integrated taxable properties owned by the assessee and used in the primary business operation of the utility or railroad. Nonunitary properties are properties owned by a state assessee but not used or needed for its primary operation, and also property used in the primary operation but not owned by the assessee. Nonunitary properties owned by some of the utility companies have such varied uses as farming, grazing, commercial, and industrial enterprises.

The Board's Valuation Division compiles a series of value indicators for the unitary property of each state assessee and presents them to the Board for the Board's consideration in the determination of value of the unitary property of each state assessee. The value indicators include historical cost less depreciation (HCLD), reproduction cost new less depreciation (RCNLD), capitalized earning ability (CEA), and the market value of stock and debt. When it is available, the division also provides to the Board for information, the replacement cost figure taken from the financial report furnished to the Securities Exchange Commission (Form 10-K).

STATE-ASSESSED NON-UNITARY PROPERTY

Type of Property	Market 1980	Market 1981	Percent Increase
Fee-owned	\$535,858,680	\$645,337,990	20.4
Leased	338,406,200	419,580,320	24.0
Possessory Inter- ests	41,442,240	42,271,120	2.0
Totals	\$915,707,120	\$1,107,189,430	20.9

The assessees have the right to appeal their assessments to the Board. The number of appeals to the Board have increased in recent years. In 1981 the Board assessed 175 companies having a combined market value of \$35.7 billion. The market values ranged from \$720 for Natomas Central Mutual Water Company to \$11.7 billion for Pacific Telephone and Telegraph Company. (See Appendix Tables 12A and 12B.)

The Board received 32 petitions for reassessment of unitary property values, and, after consideration of the petitions, the Board made ten adjustments.

The Board's assessments of state-assessed properties are similar to the assessments made by counties prior to the passage of Article XIII A. The Board determined that state assessments were not subject to the 1975 base year and two percent per year value increase limitations applicable to locally-assessed property under Article XIII A. As with locally-assessed property, state-assessed property is subject to the Article XIII A tax rate limitation, because the 1 percent limitation applies to all property. As of this date, no successful court challenge has been made to the Board's interpretation of the applicability of Article XIII A to state-assessed property.

The Board prepares a roll of state-assessed properties for each county showing the assessments by tax rate areas. The rolls are delivered in August to the 58 county auditors. The county tax collectors prepare and issue tax bills and are responsible for the collection of taxes for use by local government. Valuations of state-assessed properties by county are listed in Appendix Table 10.

STATE-ASSESSED UNITARY PROPERTY

Type of Property	Number of Companies 1980-81	Market Values Within California		Percent Increase
		1980	1981	
Gas & Electric	23	\$15,275,173,200	\$17,067,053,040	11.7
Telephone & Telegraph	39	13,569,750,560	15,586,264,570	14.9
Radio-Telephone	52	25,540,185	25,876,505	1.3
Intercounty Pipelines	28	425,595,370	497,547,930	16.9
Railroads	33	1,265,191,400	1,428,266,050	12.9
Totals	175	\$30,561,250,715	\$34,605,008,095	13.2



Principal Property Appraiser Bill Jackson of the Valuation Division reviews a Board audit of a utility company.

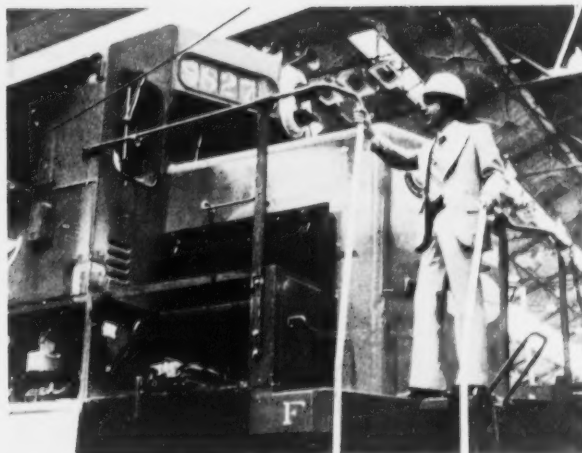
Audit of Utility Company Financial Records

A utility audit unit performs audits of utilities, railroads, and private car railroad car companies. The audits consist of two broad categories: financial audits and fixed-asset audits.

The financial audits verify the:

1. accuracy of the assessee's reports covering income and expenses that were used by the Valuation Division staff to develop the capitalized earnings value indicator;
2. asset and liability accounts used to develop the stock and debt value indicator;
3. assets and depreciations reserve accounts used to develop the historical cost less depreciation value indicator; and
4. asset accounts considered as additives to the capitalized earnings value indicator.

The fixed-asset audits verify asset locations, ages, and economic lives used to develop the reproduction



Property Appraiser Ted Fagunes visits the Southern Pacific Railroad yard in Sacramento.

cost less depreciation value indicator. The information gathered in these audits is also used for the allocation of assessed values to tax rate areas. They also supply information used in determining the remaining economic life of the assets which, in turn, is used in the capitalized earnings value approach.

The audits completed in 1980-81 contributed to the recovery of \$3,659,000 in tax revenue for local government and \$4,440 for the state general fund, compared to \$41,000 and \$347,000, respectively, for 1979-80.

The market value of the companies undergoing audits in 1980-81—either completed or in-process—was in excess of 24 billion dollars.

In addition to the actual tax recoveries, these audits have contributed to a better understanding between the division's appraisal staff and company management. This understanding, in turn, improves the accuracy of future company reportings.



Property Appraiser Marshall Garrett checks the tracks of the Southern Pacific Railroad. The Valuation Division staff prepares a series of value indicators for the Board to use in its annual appraisal of railroad companies for local property taxation.



Private Railroad Car Tax

Railroad cars not owned by railroads are assessed by the Board and taxes are levied by the Board based on the amount of time the cars spend in the state. This is the only property tax actually levied, collected, and retained by the state.

Taxes levied for the 1980-81 fiscal year amounted to \$5,067,940. The Board also levied additional taxes for fiscal year 1978-79 in the amount of \$4,872,430. This additional levy resulted from a California Supreme Court ruling that the 1977-78 secured roll tax rate should have been used in preparing the 1978-79 unsecured roll rather than the 1978-79 secured roll rate recommended by the Board. The Supreme Court ruling will also require the additional billing of \$514,000 for the 1979-80 Private Railroad Car Tax, since those taxes are based on the average property tax rate set for all other property in the preceding year, 1978-1979. These additional levies have been challenged in federal court on the basis that they are in violation of the Federal Railroad Revitalization and Regulatory Reform Act of 1976 (4-R Act).



Delineator Jim Santillan drafts a map of an unincorporated area proposed for annexation.

Tax-Rate Area Mapping Program

The basic property tax structure in California is composed of thousands of taxing jurisdictions authorized to collect a property tax from all taxable property within their boundaries. Counties, cities, and school districts are the principal agencies within this structure; however, its complexity is derived primarily from thousands of overlapping special districts. Water districts, fire districts, irrigation districts, weed districts, industrial districts, redevelopment districts, park districts, regional districts, and transportation districts are some of the thousands of special districts that provide specialized services to people and property throughout the state. To assure proper reporting of property to each of these jurisdictions and the proper allocation of the assessed val-



Senior Delineator Tom Kushi checks the legal description of a proposed redevelopment area.

ues of state-assessed utilities, the Board of Equalization has developed and maintained an intricate system of tax maps.

The overlapping boundaries of these jurisdictions form unique clusters of properties served by common revenue districts, each having a common tax rate. A separate tax area code number is assigned to each area that has its own particular combination of overlapping districts. State assesses are required to report their property holdings in each tax-rate area of this type. Property taxpayers who are not state-assessed must report to the county assessor by these tax-rate areas and the county assessor must code each assessment on the roll to determine the assessed value basis for each revenue district.

Whenever a district elects to change its boundaries through annexations, mergers, or dissolution, or a new city or district is formed, legal descriptions of the area affected, maps, and other data must be filed with the Board of Equalization. With these documents, the staff is able to delineate the revised



Delineator Carl Shauger checks information stored on microfilm to verify the boundaries of a recently annexed area.



boundaries, identify and resolve problem areas, assign a unique tax-rate area code, and distribute copies of the revised maps to all affected state assesses and county assessors' offices.

Complicating the procedure is a provision in Assembly Bill 8 (1979) that allows for separate distribution formulas within each unique tax-rate area. This bill dealt primarily with the distribution of property tax revenues among various levels of local government and specified how the state's general fund would contribute to the funding of the local public school system. Prior to the enactment of Article XIII A, if two or more tax-rate areas had the same combination of taxing jurisdictions, they automatically had the same tax rate and the same tax-rate area code. However, under Assembly Bill 8, that provision no longer applies, and each cluster of overlapping districts must be kept separate.

For the calendar year 1980, the Board's Valuation Division staff processed 2,633 boundary change documents. The processing produced 3,137 new tax-rate area numbers, bringing the statewide total to 33,495 tax-rate areas.

Because of its tax-rate area mapping program, the Board has been assigned the function of certifying boundary changes and governmental reorganizations of local governments to federal agencies, to maintain accurate census records and direct the proper distribution of federal revenue sharing funds. (See page 17.)



Larry Fogerson (left) and Janice Burns examine an increment borer to determine the age of a tree.

Timber Tax

The Board was assigned the administration of the Timber Yield Tax in 1976. This severance tax law was enacted to tax trees as they are harvested, replacing the ad valorem property tax on standing timber.

Annually, the Board adjusts the yield tax rate for the following calendar year in proportion to any change in the average general property tax rate in the 17 rate-adjustment counties that are specified in the Timber Yield Tax Law. Currently, the yield tax rate is 3 percent. Since the revenue collected from the Timber Yield Tax during 1980 was inadequate to meet the May 31, 1981 payment of the second half of the fiscal year's guaranteed amount, there is a reserve rate of 1.7 percent effective January 1, 1981 through December 31, 1981. The reserve rate assures that the timber tax fund is sufficient to meet the minimum revenue guarantee of the participating counties.

Rate adjustment counties are essentially timber counties and are listed in the Timber Yield Tax Law. They are Alpine, Del Norte, El Dorado, Glenn, Humboldt, Lassen, Mendocino, Modoc, Nevada, Placer, Plumas, Shasta, Sierra, Siskiyou, Tehama, Trinity, and Yuba.

The Board's Timber Tax Division registers timber owners who intend to harvest timber, provides tax return and harvest report forms, compiles harvest reports, processes tax returns and tax payments filed, and conducts verification audits. The Timber Tax Division also formulates proposed rules and regulations for the Board Members' approval. It establishes semiannual timber value schedules based on market values of timber sales, which, when approved by the Board, become the official values in calculating the tax. The staff also reviews timberland sales to establish land values that, following Board approval, become the basis for the valuation of land zoned as timberland preserve (TPZ) for the succeeding three years.

Land which has been assessed for its highest and best use as growing timber has been designated as timberland and placed in timberland preserve zones. These lands are subject to county assessment and are valued according to the schedule of values prescribed in the law. A landowner whose land has not been included in TPZ can petition local government for inclusion. By June 30, 1981 there were approximately 5.6 million acres zoned as timberland preserve.

In accordance with the law, new Timberland Preserve Zone value schedules were adopted by the Board on December 11, 1979 to be effective for calendar years 1980, 1981, and 1982 (Property Tax Rule 1025). A group of timberland owners felt these values were predicated on assumptions contrary to the



Yield Tax Act and took legal action. In August 1980, the Sacramento Superior Court decided in favor of the timberland owners. Consequently, the Board has decided to appeal that decision and the values in the existing Rule 1025 for 1980-81-82 are to be used until such time as the appeal is decided. In December 1982, new values will be adopted by the Board.

The law also requires that the Board appoint a Timber Advisory Committee. It includes the Third Equalization District Member of the State Board of Equalization, the Honorable William M. Bennett, as Chairman; a forester from the State Department of Forestry; the assessors from Del Norte, Humboldt, Mendocino, Modoc, and Tehama Counties; and one representative each for large-scale and small-scale timber owners. The large-scale representative is the resource manager for Diamond International Corporation in Red Bluff, and the small-scale representative is a member of the Forest Landowners of California.

After consultation with the Timber Advisory Committee, the Board adopts harvest value schedules no later than June 30 and December 31 each year. These harvest value schedules are prepared for different areas of the state after the staff makes field examinations and analyses of market sales of logs and standing timber. Registered timber owners must use these harvest value schedules to compute the value of their harvested timber and the amount of tax payable to the Board.

Timber owners are required to file quarterly tax returns and harvest reports with the Board. During

fiscal year 1980-81, the Board maintained approximately 2,000 active accounts with new registrations and closeouts averaging 100 each per month. Total tax collected on timber harvested during fiscal year 1980-81 amounted to \$18.2 million on a total timber harvest value of \$570 million.

Revenues from the Timber Yield Tax are distributed by the State Controller to counties that assessed timber from 1972 to 1974. Each of these counties receives a guaranteed amount that represents the average annual property tax collected on timber during that three-year period. If total revenues exceed this guarantee, and after costs, also exceed a specified reserve amount, the surplus is distributed to all timber counties in proportion to where the taxes were collected. This distribution is based on harvest data compiled by the Board. The yield tax revenue guarantee is distributed semiannually—50 percent on November 30 and 50 percent on May 31. If there is any surplus, it is distributed annually on August 1.

To date, there have been eight timber tax revenue guarantee distributions to the counties totaling \$101 million. The value of timber harvested to produce this tax was approximately \$2.4 billion. An additional revenue distribution of \$11.6 million from the surplus reserve account was made on August 1, 1979. The May 31, 1981 revenue guarantee distribution was 50 percent short because of the reduction in the yield tax rate stemming from the enactment of Article XIII A, the decline in the harvest values, and a low harvest because of a reduction in the lumber demands in the construction industry.



Neal Beckett of the Board's Timber Tax Division scales logs to determine their volume.



Property Taxes Legislation

During the 1980 session of the Legislature, numerous statutes were enacted to further the implementation of previously adopted legislation or constitutional enactments. This summary of legislation related to property taxes is divided by specific topics.

PROPOSITION 13 AND RELATED ENACTMENTS

Assembly Bill 2777—Chapter 1349—Sept. 30, 1980 ()*
"Change in Ownership" Modified

Amended the provisions of "change in ownership" as it relates to legal entities, when only the method of holding title is changed but not the proportional interests of the co-owners, so that changes would not be considered change of ownership. Also required that a change in ownership statement be filed whenever there is a change in control of a corporation or other legal entity.

Senate Bill 1260—Chapter 1081—September 26, 1980
Other Aspects of "Change in Ownership" Clarified

Made several changes affecting "changes in ownership" in co-ownerships, joint tenancies, and inter vivos transfers. Made changes in the reporting of changes in ownership and extended the statute of limitations from four to eight years on properties where there was an unrecorded change in ownership.

*Senate Bill 1306—Chapter 1245—Sept. 29, 1980 and Senate Constitutional Amendment 28—Chapter 48—Filed June 26, 1980 (**)*

Solar Energy Systems Excluded from "New Construction"

Provided that "new construction" designation under Proposition 13 shall not include the construction or addition of any solar energy system.

OPEN SPACE PROPERTIES

Assembly Bill 2298—Chapter 1273—Sept. 30, 1980
Assessment of Enforceably Restricted Lands

Authorized the cities and counties to elect to permit assessment of enforceably restricted lands at the lower figure of either their restricted value or a specified percentage of their base-year value. The base year for property values established by Proposition 13 was 1975.

(*) Legislation summarized in this Annual Report lists the bill number, the chapter number assigned to the measure when it is enacted and added to the California Statutes of 1980, and the date it was signed by the Governor and therefore "chapters."

(**) Constitutional Amendments and Resolutions are filed with the Secretary of State.

Assembly Bill 2481—Chapter 1219—Sept. 29, 1980
Housing for Agricultural Laborers

Included the construction of housing for agricultural laborers within the meaning of compatible use of land restricted under a Williamson Act contract.

Senate Bill 164—Chapter 802—July 28, 1980
Williamson Act Provisions Extended to Wildlife Habitat Contracts

Extended to wildlife habitat contracts the same provisions as for Williamson Act properties wherein the property will be valued at the lower of its restricted value or its market value.

Senate Bill 1382—Chapter 585—July 18, 1980
Cancellation of Land Conservation Act Contracts

Revised the authority of the Secretary of the Resources Agency to disapprove the waiver of the cancellation fee upon cancellation of a California Land Conservation Act contract. Instead, the Secretary is required to approve the waiver if he finds that granting the waiver by the city or county is consistent with the policies of the California Land Conservation Act of 1965 and that the city or county complied with certain requirements.

Senate Bill 1747—Chapter 764—July 28, 1980
Housing for Agricultural Laborers

Like Assembly Bill 2481, this legislation provided that agricultural laborer housing facilities shall be determined to be a compatible use within any agricultural preserve unless the board of supervisors or city council determines otherwise.

MOBILEHOMES

Assembly Bill 2915—Chapter 1149—Sept. 29, 1980
Various Changes in Mobilehome Laws

Transferred responsibility for licensing and registration of mobilehomes from the State Department of Motor Vehicles to the State Department of Housing and Community Development. Made clarifying and other substantive changes in existing laws relative to the property taxation and sales and use taxation of mobilehomes. The dealer was designated as the consumer of new mobilehomes and must pay tax on 75 percent of the sales price from the manufacturer to the dealer. Clarified the date for determining the base-year value when a license fee has been delinquent for 120 days or more. Removed the requirement that mobilehomes be subject to the documentary transfer tax.

Assembly Concurrent Resolution 119—Resolution Chapter 52—Filed June 30, 1980

Sale of Mobilehome in a Mobilehome Park

Declared that, with regard to mobilehomes sold after July 1, 1980 that are situated on a rented space in a mobilehome park, the county assessor shall not include any value allocable to the land when assessing such dwellings for property tax purposes.



Senate Bill 433—Chapter 1252—September 29, 1980
Senior Citizens Property Tax Assistance

Extended the Senior Citizens Property Tax Assistance Law to include mobilehomes purchased after, as well as before, July 1, 1980.

Senate Bill 1260—Chapter 1081—September 26, 1980
Mobilehomes on Rented or Leased Land

Excluded mobilehomes on rented or leased land from the conclusive presumption that owner-occupied homes on leased land have a renewal option of at least 35 years.

Senate Bill 1422—Chapter 285—June 30, 1980
Established New System for Taxing Mobilehomes

Revised the provisions of Chapter 1160 and Chapter 1180 of the Statutes of 1979, which provided for a system of property taxation to be applied to mobilehomes, and a system of taxing mobilehomes in the same manner as conventional homes under statutes implementing Proposition 13. Also revised the method of taxing certain mobilehomes under the Sales and Use Tax Law.

MISCELLANEOUS

Assembly Bill 285—Chapter 18—February 29, 1980
Assessment of Fishing Vessels

Extended the application of a lower assessment ratio for commercial passenger fishing vessels.

Assembly Bill 2370—Chapter 1161—Sept. 29, 1980
Use of Land for Hazardous Waste

Required county assessors to take into account restrictions on the use of land relating to hazardous waste.

Senate Bill 246—Chapter 1220—September 29, 1980
Allocating Value to Aircraft

Allowed for the ground time of certified aircraft, prior to its first revenue flight, to be excluded from the time-in-state factor used to allocate the value of the fleet among the various airports.

Senate Bill 1414—Chapter 1098—September 26, 1980
Property Exemption Increase Authorized

Increased the amount of real property that may be exempted by a board of supervisors from \$400 of full value to \$1,500 of full or base year value for real property and extended such permissible exemption to personal property.

Senate Bill 1640—Chapter 774—July 28, 1980
Separate Assessments for Housing Cooperatives

Provided that whenever a community apartment project, stock cooperative, limited equity housing cooperative, or other housing cooperative requests a separate assessment, the assessor shall separately assess the individual interests held by the owners of the project or the shareholders of the corporation if certain conditions are met.

Senate Bill 1834—Chapter 1115—September 26, 1980
Cargo Containers Exempted

Made permanent the exemption from property taxation for certain cargo containers principally used in the transportation of cargo by vessels in ocean commerce.



Business Taxes Representative Carl Espinoza (left) explains the watercraft exemption to a Long Beach fisherman.



V. ECONOMIC ANALYSIS

State of the Economy

During the summer of 1980, the gross national product (GNP) bounced back from a precipitous decline in the spring to an increase of 2.4 percent (annual rates). This sharp economic rebound following the steep plunge in the spring caught many analysts off guard. Consequently some saw the rebound as a temporary phenomenon and felt the economy might lapse back to a recessionary level. However, economic gains appear to have been made on a more substantial foundation. Recovery may be prolonged, but the trend seems to indicate expansion, not contraction.

The GNP continued to climb during the fall, advancing 3.8 percent. Then a burst of enthusiasm from within the new administration of President Reagan created an atmosphere of optimism for the nation's economy. Under this impetus the economy surged ahead at an annual rate of 8.6 percent in the first quarter of 1981, the strongest gain since the spring of 1978 when the gross national product, the broadest measure of the total value of goods and services produced in the nation, surged 8.3 percent. Growth was much stronger than anyone had predicted, indicating that the path of recovery would not be continuous because the higher level of activity could not be sustained. The second quarter was expected to be relatively flat and it actually turned downward with a decrease of 2.4 percent in the seasonally-adjusted annual rate of GNP.

At the start of the 1980-81 fiscal year, interest rates had been cut back to 10 percent or less following the administration's imposition of restrictive credit controls. As growth in the money supply was restricted by the Federal Reserve Board, the rate of inflation was whittled down but interest rates soared. The prime rate topped 20 percent in December 1980 and has hovered close to 20 ever since. High interest rates are seen as the culprit which has weakened economic recovery in general and stymied recovery of the automotive and construction industries.

As the fiscal year closed, short- and intermediate-term debts of consumers stood 4.6 percent higher than a year earlier, (nationwide from \$304.4 billion to \$318.5 billion). High interest rates effectively limited the growth of such credit throughout the year. The

largest expansion of consumer installment credit occurred as rebates and sales incentives were offered by the auto industry during the winter. Outstanding consumer credit expanded by a seasonally adjusted \$2 billion in February, the largest amount within a full 12 months. In March credit extensions reached \$3.1 billion, the most sizeable increase since September 1979. However, as the economy retrenched during the spring quarter, growth in consumer credit also slowed down. Liquidations of debts held fairly constant but credit extensions were cut back.

Major indexes used to trace the course and the strength of the nation's economy were revised in the fall of 1980 by the U.S. Commerce Department. The revisions indicated that the economy was somewhat larger and stronger than previously believed. The real GNP series was increased as was the personal income series. On the other hand, statistics on personal consumption expenditures for automobiles and ratios of consumer credit to personal income were reduced somewhat because their growth had not kept pace with the growth of real gross national product and personal income.

Personal income of Californians in the final quarter of the fiscal year is estimated at \$283.9 billion, seasonally-adjusted annual rate. Personal income, which includes wages, salaries, rent receipts, stock dividends, and interest, minus Social Security contributions, was about 12 percent higher than a year earlier. Per capita disposable personal income (after tax), adjusted for inflation, was virtually the same as it had been in 1979-80 (approximately \$4,500 nationally). The rate of personal saving remained at 5.2 percent of disposable personal income, the same as in the preceding fiscal year. Family income in constant-value dollars was also virtually identical to that for 1979-80 (approximately \$22,000).

The total number of people employed in civilian occupations in the state increased by 237,000 during the fiscal year, rising from 10,296,000 to 10,533,000. The rate of unemployment dropped to 6.7 percent in May and June, but it averaged 7.0 percent during the fiscal year. Service industries added more workers during the year than any other category of workers. Their number rose from 2,172,000 to 2,277,000, an increase of 105,000.



National Program to Stimulate the Economy

In his inaugural address, President Reagan declared that the nation was experiencing the worst economic conditions in 50 years. He was deeply concerned with the general stagnation throughout the economy, intolerable inflation, excessively high interest rates, depressed auto and building industries, and huge federal budgetary deficits. He announced that he would recommend measures to reduce the bigness and pervasiveness of government, the proliferation of welfare expenditures, and the intrusion of government into minute operations of business. To help reduce inflation he is dependent on the Federal Reserve Board to restrict the growth of the supply of money and credit.

In his campaign last fall, Mr. Reagan had pledged to reduce the federal tax burden, to cut government expenditures, and to balance the budget. He began to unveil his economic package to accomplish these objectives in his inaugural address, January 20, 1981. From the beginning he knew he needed bipartisan support to push the program through Congress because the Democrats still controlled the House of Representatives even though the Senate received a Republican majority in the general election November 4, 1980. To secure the support he needed, the President began selling his program to the American people as well as to Congress. His appeal reached a climax with a dramatic, persuasive program on national television aided by charts and graphs which illustrated his arguments. His personal appeal to rank-and-file voters to telephone their representatives to ask them to support his program succeeded in swaying enough Democratic Congressmen to assure approval of the package. Congress has given him the opportunity to demonstrate what his economic program can do for the nation.

In his budget message a month later, President Reagan declared, "The indiscriminate proliferation of new federal programs must come to an end." He contended his program would also "arrest what has heretofore been an unfortunate national drift toward the universalization of social benefits." He adopted the Kemp-Roth Plan which provided for the reduction of personal income tax rates by 30 percent over three years, with the first 10 percent reduction to go into effect July 1, 1981. He also proposed accelerated depreciation writeoffs for new business investment. To counter the objections to such large income tax reductions, he scaled the proposal down to an overall decrease of 25 percent. Since the package was not approved by Congress until August, the tax cuts were made effective October 1, 1981.

The economic theory in which the President has placed his confidence runs directly counter to the prevailing economic theory of the last half century. In the midst of the Great Depression the old classical economic theories of Adam Smith and Thomas Mal-

thus were discarded. Out went the established concepts regarding free trade (*laissez faire*), production, demand, and prices. The old principles could neither account for nor offer any solution to the severe economic dilemma of the 1930s. The very notion that society could solve its economic problems chiefly through the functioning of a market economy which is self-regulating under the influences of prices and demand gradually became recognized as inadequate to define the complex economic behavior of the 20th century.

Gaining recognition at that time were the theories of a contemporary British economist, John Maynard Keynes, which seemed to offer a means of breaking the deadlock on the economy. The gist of Keynes' theory is that a government can manage its economy by adjusting taxes and federal spending (deficit budgeting) to achieve a balance between economic growth, full employment, and inflation. The government can cure weaknesses in the economy by placing money in the hands of consumers so that they, in turn, will demand more goods and services, thus boosting the gross national product. On the other hand, when the economy is overheated with inflation, money can be taken out of the hands of consumers through either tax increases or reductions in governmental spending so that the demand for goods and services will be lessened and inflation will be reduced.

Keynesian theory and the economic policies based on it have come under increasing fire during the last decade as the nation has experienced "stagflation," the combination of inflation and unemployment. This economic stagnation cannot be explained by Keynes' theories. The stimulation he recommended has failed to stimulate an economy plagued by these dual afflictions. Through painful experience we have learned that financing budgetary deficits to bolster the economy feeds and may even cause inflation.

Economists assured us during the 1960s that they had learned to control the economic cycle. We found later that they were not even able to predict the recession of 1973. The simple concepts of the 1960s could not explain, for example, why prices continued to rise when demand fell off. Something basic had to be wrong with the established laws of supply and demand when prices kept rising in both good times and bad times, regardless of whether demand was high or low. Because it is inadequate to describe these changing economic conditions and come to grips with them, Keynesian theory has fallen more and more into disfavor in Washington in recent years.

Supply-Side Economics

As he contemplated the rather dismal long-term economic outlook the President became convinced the country needed a distinct change in economic



policy, a break with the past and a shift to a new direction. The program he proposed is based (for want of a better designation) on what is known as supply-side economics. It is keyed to a gradual but sustained effort to slow the rate of federal spending and the growth of the money supply while making deep cumulative cuts in tax rates over the next three years. To "supply-siders" the basic cause of our nation's economic problems—high inflation, relatively high unemployment, and low productivity—is high taxes. They believe that cuts in federal taxes will stimulate the economy. The Reagan team is depending on these measures to promote economic growth and reduce inflation simultaneously. Opponents, however, have portrayed this as a high-risk gamble because it is entirely theoretical, completely untried.

The President was persuaded that such a comprehensive program would head off an economic downturn threatened by an impending credit crunch, recessionary pressures, and expanding federal deficits. The success of the plan is dependent on its mixture of fiscal and monetary policies to boost the productive capacity of American manufacturing and enterprise and lead to a prosperous economy with lower inflation. The administration is banking on taxpayers to save (invest) the incremental pay they will receive from income tax reductions. If this happens, financial institutions will be able to provide more funds for industry to use in capital improvements.

Supply-side economic theory has outstanding proponents such as Martin Feldstein of Harvard, President of the National Bureau of Economic Research; Robert Mundell of Columbia University; and Arthur Laffer of the University of Southern California, creator of the Laffer Curve, which illustrates his concept of the relationship between tax revenues and tax rates. The President has placed his faith largely in Doctor Laffer's theories. In his curve there is a point (that is not known) at which the negative effect of taxes begins to outweigh the amount of stimulation provided by increased public goods. Beyond that point the rates become so high, so oppressive that they discourage work and encourage tax avoidance. As a result, tax revenues begin to dwindle. Laffer and others find evidence to support this theory in the tax cuts of the early 1960s which provided a stimulus for business and boosted revenues. Supply-siders believe that much of the money from personal income tax cuts will go into investment and savings rather than into consumer spending which feeds inflation. The proponents of supply-side economics acknowledge that the theory is nothing new; it is simply returning to the old-fashioned principles of free enterprise and rugged individualism promoted most eloquently by Adam Smith more than 200 years ago.

In view of supply-siders the government's efforts to fine-tune the nation's economy through "demand management"—that is, putting money into or taking

money out of the hands of consumers through new government programs, by adjusting tax rates up and down, and manipulating the money supply—has had disastrous results: soaring inflation, high unemployment, and stagnant productivity. The government, they contend, should provide incentives to stimulate the "supply side" of the economy, namely the capacity of business and industry to provide jobs and increase production. Supply-siders believe that Keynesian "demand management" has outlived its usefulness under our prevailing economic conditions where soaring inflation and stagnant productivity, not under-consumption, are the major economic problems.

Critics of supply-side economics contend that tax cuts of the size and scope envisioned by supply-siders can only be inflationary, because they would increase demand much faster than supply and thus set consumers to bidding up prices on the less-than-adequate supply of goods. While critics concede that tax cuts in the 1960s spurred economic growth, producing greater revenue at lower tax rates, they note that the economic background was different then. The inflation rate was merely 1.2 percent compared to approximately 10 percent today. Inflationary psychology has been prevalent since the mid-70s, so consumers have been spending more and saving less; nevertheless, the administration is banking on consumers to save more as the rate of inflation is reduced. Furthermore, critics point out that attempts to reduce federal budgets significantly are invariably thwarted by the uncontrollable nature of federal spending, by the power of special-interest groups and by the congressional propensity for pork-barrel politics.

Following the adoption of the President's fiscal program, financial markets began to falter. The movements in the securities markets indicated a lack of confidence in the ability of the President's program to restore fiscal responsibility and to promote prosperity. Many investors feel that the budget deficit will grow by at least \$20 billion a year without relief. They do not think that federal spending can be brought under control with the President's program. Persistently high interest rates are blamed for blocking economic progress. With no relief in sight from excessive interest rates, economic growth is retarded and the housing industry especially is depressed.

Skepticism over the President's ability to control federal spending and balance the budget resembles a self-fulfilling prophecy. High interest rates drive up federal payments on the national debt and reduce tax revenues by keeping the economy sluggish. That, in turn, produces a larger-than-anticipated deficit which sustains high interest rates.

The heart of the problem is that the federal government probably will experience much higher deficits than the Administration had projected. These deficits could mean a continuation of high inflation



and prolonged stagnation for the economy. The original budget estimates were based on somewhat optimistic forecasts of economic growth and of reductions in inflation and interest rates.

To regain the financial community's support for his economic program, the President has indicated his willingness to cut up to \$30 billion from military expenditures planned for the next two fiscal years in order to balance the federal budget. In addition to defense cutbacks, the Administration states it will impose further reductions in the federal work force and seek more savings in domestic programs—all in an attempt to convince Wall Street that the President intends to stick with his pledge to balance the budget by 1984.

Petroleum Developments

Ministers of the Organization of Petroleum Exporting Countries (OPEC) meeting in Vienna in September 1980 persuaded Saudi Arabia to agree to a base price of \$30 a barrel and the other OPEC members agreed to freeze prices at their then current levels until the OPEC conference four months later in December. The higher price was made retroactive to August 1 and some oil companies immediately hiked the price of gasoline by several cents a gallon.

On September 22, 1980, just five days after the Vienna OPEC conference, Iraq attacked Iran as border conflicts escalated into full-scale war. Iraqi air and ground forces bombed and burned Iran's Abadan Refinery, the fourth largest refinery in the world; Iran's air force retaliated by bombing Iraq's capital city of Baghdad and the oil cities of Basra, Kirkuk, and Mosul. Iraqis struck the oil terminal on Kharg Island, once the world's largest oil exporting terminal, near the northern end of the Persian Gulf. Petroleum production in both countries was cut to a fraction of capacity as installations were bombed and burned. Iraq pushed for a speedy victory but the Iranians retaliated with greater power than anticipated. For months the conflict lapsed into a stalemate with sporadic attacks from both sides. Late in September 1981 the Iranians claimed to have recaptured Abadan and its refinery.

The immediate objective of Iraq seemed to be to gain undisputed control of the estuary which forms the boundary with Iran for over a hundred miles before emptying into the Persian Gulf. This waterway, the Shatt al-Arab, is formed by the confluence of the Tigris and Euphrates Rivers and since 1975 the middle of the estuary has been designated as the border between the two countries. Both nations have vulnerable petroleum and petrochemical plants along the banks of the waterway.

In mid-December 1980 the OPEC oil ministers met in Bali, Indonesia and increased maximum prices by as much as 10 percent. Considering the

various grades of crude petroleum and the pricing structure allowed for them, the average price was increased \$3 a barrel (42 gallons). The range which had been \$30 to \$37, was boosted to \$32 to \$41, with most charging \$36, effective January 1, 1981. Saudi Arabia, however, which accounts for 20.5 percent of U.S. imports, raised its price by only \$2 a barrel, from \$30 to \$32, effective retroactively to November 1. The U.S. State Department protested that the price increases were not justified, noting that they imposed an economic hardship especially on undeveloped and developing countries.

Within a week after the announcement of those price hikes, the cost of gasoline had risen nearly a penny a gallon. Some analysts predicted that the price would be pushed up to \$1.50 a gallon during 1981. The price movement in 1981, however, was destined to be controlled by market conditions, by President Reagan's action in terminating controls on domestic petroleum, and by the outcome of the OPEC oil ministers' May conference in Geneva.

One of the first official acts of the new administration in January was to remove the price controls on domestic crude oil which had been scheduled for elimination October 1, 1981. Pump prices were pushed up immediately and within a few weeks hikes amounted to as much as 10 cents per gallon. These increases were attributed not to federal decontrol, but rather to the oil industry's attempt to recoup losses from the OPEC increases which had been retroactive to November 1, 1980. Thus, the impact of decontrol was not evident in pump prices to the consumer. A Standard Oil executive predicted that when all of the price increases attributable to OPEC and federal decontrol had been passed along to the motorist the pump price would exceed \$1.50 a gallon.

During the spring the outlook for petroleum and its products was substantially altered. Inventories of petroleum reached record levels as consumption of gasoline continued to decline. Consequently the price of gasoline leveled off. The excessive supply of world oil resulted from several factors: 1) the President's decontrol of prices on domestic crude oil; 2) conservation measures which are reducing consumption; 3) the shift to small fuel-efficient cars; 4) the maintenance of a high level of production by Saudi Arabia; 5) recession in Japan and Western Europe which has weakened consumption; and 6) the development of alternative energy sources. The surplus of world oil was estimated to be accumulating from 1 million to 3 million barrels a day. Furthermore, OPEC's share of the world market has shrunk as production has come on line from Mexico and the North Sea.

OPEC oil ministers met again late in May in Geneva. Considering the bulging inventories of petroleum in the world market, they debated cutbacks in production and price ceilings and then decided to freeze the ceiling price of crude oil at \$36 a barrel



until the end of 1981. This was the same maximum they had agreed upon in December 1980. Countries with high-quality oil could, however, continue to charge as much as \$5 above the ceiling. All but one of the 13 members of OPEC agreed to cut oil production in their countries by a minimum of 10 percent effective June 1. Saudi Arabia, OPEC's largest producer, refused to agree to the reduction. The 10 percent reduction was not imposed on Iran or Iraq which, despite their hostilities, have resumed exporting oil but have not reached their previous levels of production.

The impact of excessive inventories of crude oil on prices is most evident in the spot market where oil not covered by long-term contracts is sold. Being governed by the forces of supply and demand the spot market price early in the spring was several dollars a barrel under the official price. Immediately after the Geneva OPEC meeting, the oil companies began pressuring oil-producing countries to reduce their prices. The pressure influenced either price reductions or cancellation of surcharges on premium light crude in several countries. Libya, which had the highest oil prices in the world (for its premium-grade crude), yielded to pressure and cut its price \$5 a barrel in June, reducing it to \$36.

As the world oil market continued to weaken, OPEC oil ministers convened again in the middle of August 1981 in Geneva. Five days of intensive and divisive meetings failed to produce mutually acceptable solutions. Most of the ministers wanted to boost prices and to reduce aggregate production. The Saudis appeared to hold the line on prices but at last they agreed to raise their price from \$32 a barrel to \$34 a barrel and to reduce shipments by a million barrels a day.

The OPEC session in August was barely concluded before Nigeria reduced its price of crude oil from \$40 to \$36 a barrel. The price cut was labeled a direct consequence of OPEC's failure to reach consensus on a unified pricing structure. Nigerian exports had been slashed drastically from 1.5 million barrels a day a year ago to approximately 500,000 barrels a day currently. The \$36 is only an asking price, however, and customers may be able to negotiate for less.

Significant changes are underway in the energy market as alternative sources of energy are developed and conservation measures become more prevalent. Long-term changes have been initiated which will permanently alter the petroleum situation.

Revenues Advance Modestly

Tax programs administered by the Board of Equalization produced state revenues totaling \$10,888,853,000 during fiscal 1980-81. Levies from each tax are presented in the text table on page 43; additional detail and historical comparisons are given in Appen-

dix Table 2. The aggregate revenues increased 6.5 percent during the fiscal year. Per capita revenue in current-value dollars totaled \$453, up \$19 from the revised figure of \$434 for 1979-80. Converted to dollars of constant value (adjusted for an average increase of 11.4 percent in the California Consumer Price Index) per capita revenue actually declined by \$27, from \$434 to \$407. (See page 10 for comparison of the major sources of state revenue.)

The combination of all state and local sales and use taxes produced \$9,166,847,000 in revenue, increasing 7.7 percent during the fiscal year. The state's sales tax at 4.75 percent grossed \$7,175,397,000 with an increase of 7.8 percent, and strengthened its position as the state's largest single source of revenue. Despite the apparent sales gains which gave rise to higher revenues, taxable sales remained in the doldrums throughout the year and, expressed in dollars of constant value, registered negative performance compared to each comparable quarter a year earlier.

The Board collected an additional \$1,991,041,000 in sales and transactions taxes for other governmental agencies—cities, counties, and transit districts. (Details in Appendix Tables 21A and 21B.) Transit district taxes at the rate of one-half of 1 percent are levied in five counties: Alameda, Contra Costa, San Francisco, Santa Clara, and Santa Cruz. A ballot proposal for a similar tax in Los Angeles County was approved by a plurality of the voters in that county in November 1980. Because the proposition won approximately 54 percent of the ballots cast instead of the two-thirds majority required by Proposition 13, its validity is under petition before the State Supreme Court in the case of Los Angeles County Transportation Commission v. Richmond. There are also two petitions pending for a writ of mandate to require the Board of Equalization to administer the tax. The Board will not administer this tax until the Supreme Court declares it to be constitutional. (See page 54.)

The state's fuel taxes aggregated \$872,504,000 during 1980-81, 1 percent less than they yielded in 1979-80. This marked the second successive decline, following a decrease of 3.4 percent in 1979-80. Gasoline tax receipts of \$789,106,000 at 7 cents per gallon were down 1.4 percent. Consumption of 11.2 billion gallons of gasoline (266.3 million barrels at 42 gallons per barrel) were 1.2 percent less than in 1979-80. Although consumption of gasoline continued to decline for the second straight year, the use of diesel fuel kept on expanding. Distributions totaled 1.18 billion gallons, an increase of 1.3 percent. The state's excise tax of 7 cents per gallon on diesel fuel produced \$81.8 million. Consumption of jet fuel (excluding that used in commercial aviation), taxed at 2 cents a gallon, decreased by 13 percent to 43.7 million gallons. The revenue yield of \$891,000 (which includes tax, penalty, and interest picked up by audit) was down 9.8



COMPARISON OF REVENUES
1979-80 and 1980-81
(in thousands of dollars)

<i>Revenue Source</i>	<i>1979-80</i>	<i>1980-81</i>	<i>Percent Change</i>
Sales and Use Taxes			
State tax (4¼%)	\$6,658,425	\$7,175,397	7.8
City and county sales tax (1%)	1,383,386	1,487,949	7.6
County transportation tax (¼ of 1%)	345,736	371,864	7.6
Transit district taxes (½ of 1%)			
San Francisco Bay Area ¹	74,591	80,588	8.0
Santa Clara County	41,880	45,702	9.1
Santa Cruz County	4,489	4,887	8.9
Other taxes and fees	583	460	-21.1
TOTALS	\$8,509,090	\$9,166,847	7.7
Fuel taxes and fees			
Gasoline and jet fuel	801,000	789,997	-1.4
Diesel and other use fuel	79,952	82,507	3.2
TOTALS	\$880,952	\$872,504	-1.0
Alcoholic beverages taxes	138,940	142,860	2.8
Cigarette tax	290,043 ²	278,161	-4.1
Electrical energy surcharge	19,022	23,817	25.2
Emergency telephone users' surcharge	15,142	15,760	4.1
Local taxes on state assessed properties ³	342,316	362,505	5.9
Timber yield tax	23,425	17,241	-26.4
Timber reserve fund tax	367	857	133.5
Private car tax (railroad cars)	4,504	8,301	84.3
GRAND TOTALS	\$10,223,801	\$10,888,853	6.5

¹ Metropolitan Transportation Commission revenues have been included on this line. Interest is accrued on MTC monies until they are allocated. Interest amounted to \$2,314,789 in 1979-80 and \$3,031,562 in 1980-81. Additional details are given in Appendix Table 22, footnote ².

² Includes a one-time windfall of \$17,989,780 resulting from revisions in accounting procedures.

³ Collected by county tax collectors.

percent. Historical data and assessments are presented in Appendix Tables 23-25.

The state's excise tax of 10 cents per pack on cigarettes produced \$278,161,000. Expressing revenue on a cash basis (to avoid the distortions incurred by the inclusion of accrued monies in the total), this amount was an increase of 1 percent over the prior year. Distributions of 2,805,000,000 packs of tax-paid cigarettes on an accrual basis were 2.8 percent more than in 1979-80. The adjustments for accrued distributions during the fiscal year produced a larger increase in distributions than in revenues. Per capita consumption increased slightly from a revised 122.2 to 122.6 packs. (See Appendix Tables 30A and 30B for additional data.)

Alcoholic beverages taxed by the state at rates ranging from 1 cent to \$2 per proof gallon produced \$142,860,000, up 2.8 percent from 1979-80. Distilled spirits, representing \$115,191,000 of this amount, registered an increase of 2.2 percent. Total distributions

of 57,500,000 gallons of liquor on an accrual basis were up 1.5 percent but per capita consumption edged downward from 2.41 to 2.39 gallons as growth in population exceeded that of consumption. Beer and wine and excise tax collections of \$27,669,000 surpassed 1979-80 totals by 5.7 percent. In contrast to distilled spirits, per capita consumption of beer increased from 24.7 to 25.4 gallons and that of wines rose from 4.2 to 4.4 gallons. (See Appendix Tables 27-29 for historical data.)

An electrical energy surcharge is levied on the use of electricity in California. It produced \$23,817,000 during the fiscal year, 25.2 percent more than in 1979-80. Electrical consumption totaled 153.5 billion kilowatt hours (KWH), three-tenths of 1 percent less than the revised figure of 154.0 KWH for 1979-80. While consumption inched downward, revenue advanced sharply because of rate increments. The rate, which is adjusted to provide the fund budgeted for the State Energy Resources Conservation and Devel-



Business Taxes Representative Stephen Lane, Hollywood District office, reviews the reports of a liquor distributor. Alcoholic beverage taxes produced more than \$143 million in 1980-81 for California.

opment Commission, was \$0.00015 (fifteen one-hundredths of a mill) per KWH at the start of the fiscal year. The rate was increased to \$0.00016 September 1, 1980; pushed upward to \$0.00019 March 1, 1981; and advanced again on September 1, 1981 to \$0.00020, the maximum allowed by law.

The Emergency Telephone Users Surcharge, a levy to fund the 911 statewide emergency telephone number system, produced \$15,760,000. This tax on bills for intrastate telephone communication services is levied at the rate of one-half of 1 percent. This rate will be maintained at least until November 1, 1982 under the provisions of Senate Bill 1180, Chapter 906, 1979.

The Timber Yield Tax dwindled to \$17,241,000, down 26.4 percent from the amount in 1979-80 which, in turn, was 45 percent less than the yield of \$42,518,000 in 1978-79. The timber industry has been stagnant for two years as demand for new housing has weakened under prevailing high mortgage rates. The timber yield tax rate since the passage of Proposition 13 has been 3 percent levied on all timber

harvested in the state. This tax, initiated in 1977-78, replaced the former ad valorem levy on standing timber administered by county assessors. The revenue collected by the state is reserved in its entirety for allocation to counties and does not augment the state's revenues. The rate of tax was a straight 3 percent from July through December 1980. From January through June 1981, however, an additional 1.7 percent was levied for the timber reserve fund. The additional levy was required to enable the state to meet its fiscal obligations to the timber counties.

Taxable Sales Slacken

Transactions in California subject to the state's sales and use tax totaled \$149.2 billion during fiscal 1980-81. The increase in current-value dollars was \$10.8 billion or 7.8 percent, but adjusted for price increases which averaged 11.4 percent for the fiscal year, as gauged by the California Consumer Price Index (CCPI) the sales volume declined 3.2 percent from that of 1979-80. This was the second straight cutback in sales volume, following a similar decline of 1.4 percent in 1979-80. The pace of taxable sales was accelerating and the rate of inflation was diminishing as the fiscal year drew to a close; however, goods and services which had cost a consumer \$100 in 1967 cost \$261 during fiscal 1980-81.

The final quarter of the fiscal year surpassed the holiday quarter to register the highest dollar volume of 1980-81 with 26.3 percent of the year's total. Furthermore, the final quarter posted the largest increase in terms of both actual dollars, 12.3 percent, and in constant-value dollars, 3.3 percent. As the rate of inflation lessened from quarter to quarter, dropping from 14.4 percent to 8.7 percent, the real taxable sales volume, adjusted for inflation, improved correspondingly from an initial decrease of 6.7 percent to an ultimate increase of 3.3 percent.

During the summer of 1980 taxable sales were weak. Nevertheless, they showed some improvement over the record decline of the preceding quarter which had witnessed the state's weakest sales performance in 22 years as real sales plummeted 8.3

TAXABLE SALES COMPARISONS BY QUARTER, 1980-81

	Taxable Transactions		Percent Change from Prior Fiscal Year		
	Amount	Percent of Total	Actual Dollars	Constant Dollars	California Consumers' Price Index
1980-81					
July-September	\$35,694,034,000	23.9	6.7	-6.7	14.4
October-December	38,773,556,000	26.0	5.9	-6.4	13.2
January-March	35,473,701,000	23.8	6.4	-3.3	10.0
April-June	39,255,344,000	26.3	12.3	+3.3	8.7
FISCAL YEAR	\$149,196,635,000	100.00	7.8	-3.2	11.4



percent and the CCPI soared 17.7 percent. The fall quarter was less buoyant than merchants had hoped for the holiday season, registering 6.4 percent less than a year earlier in terms of real sales volume. The first quarter of the new year witnessed rapid growth in GNP (8.6 percent) but the real taxable sales volume was 3.3 percent below the prior year's level, reflecting the sluggish recovery of the state's economy. This marked the fifth quarter of such negative sales performance since a similar decrease of 3.3 percent was recorded in the first quarter of 1980. The spurt of 12.3 percent in sales during the spring quarter was largely due to massive infusions of state and federal monies. Refunds through April from federal personal income tax returns to Californians for 1980 totaled more than \$4 billion while the State Franchise Tax Board refunded more than \$2 billion on 1980 returns. The combination poured more than \$6 billion into the state's economy.

Retail stores registered taxable sales of \$98,114,960,000 for the fiscal year, posting a nominal gain of \$6,552,887,000, or 7.2 percent. (See Appendix Table 19 for detail by type of business.) The sales volume adjusted for price increases of 11.4 percent was 3.8 percent less than that for 1979-80. Taxable transactions of business and personal service concerns, whose tax is based primarily on materials and parts used in service and repairs because repair labor is tax-exempt, totaled \$5,523,430,000, up 10.6 percent. "All Other Outlets"—primarily manufacturers, wholesalers, construction contractors, itinerant vendors, and part-time permittees regardless of type of business—increased their taxable transactions by \$3,762,256,000 or 9.0 percent, to total \$45,558,245,000.

The growth of nondurables surpassed that of durables for the second straight fiscal year, 9.5 percent compared to 3.7 percent. However, as sales of new car dealers jumped 23.2 percent in the final quarter, durables advanced 14.5 percent compared to 10.6 percent for nondurables. As long as the price of gasoline remains stable while the number and prices of new cars are rising, dealers in durables should continue to outpace the sales of nondurables.

Substantial shifts occurred in the market place during the period under study. Service stations for the second consecutive fiscal year reported a far larger sales volume than any other class of business. Sales of department stores surpassed those of new car dealers for the first time since the recession of 1974-75. Sales of restaurants and bars also exceeded those of new car dealers. The specialty store and food store groups both reported taxable sales of more than \$9 billion.

New car dealers, the pillar for durables, reported taxable sales of \$11,645,543,000, up 2.3 percent from 1979-80. It is not possible to express this volume in terms of dollars of constant value with precision because the CPI on new cars rose and fell as price increases were imposed and factory rebates were offered from month to month during the year. Analysis of pricing data, however, does indicate that prices averaged about 7.1 percent higher during the fiscal year, after allowance for discounts, and on this basis the inflation-adjusted sales volume was 4.5 percent less than that for 1979-80.

Registration of 1,142,524 new autos and trucks was down 11.8 percent. Autos declined less than trucks. New car registrations totaling 935,747 were 9.4 percent lower than in fiscal 1979-80, but registrations of new trucks fell to 206,777, a drop of 21.4 percent. The total number of autos and trucks registered in California was 15,512,400 as the fiscal year ended, 2.1 percent more than in June 1980.

As new models were introduced in the fall of 1980, surprisingly high price tags combined with excessively high interest rates created customer resistance that was difficult to overcome. Contending with persistently sluggish sales after the introduction of new models, domestic manufacturers turned to price reductions to stimulate sales. Auto companies look upon rebates as a last resort because they erode profits and eat into future sales, but reluctantly they offered them in different forms. Chrysler first offered 7 percent rebates on sticker prices in early December and later, to combat resistance to high interest rates, concocted a deal in which the company as-

REGISTRATIONS OF NEW MOTOR VEHICLES COMPARED TO
TAXABLE SALES OF NEW CAR DEALERS, 1980-81

	Registrations						Taxable Sales of New Car Dealers	
	Automobiles		Trucks		Total			
	Number	Percent Change Year to Year	Number	Percent Change Year to Year	Number	Percent Change Year to Year	Amount	Percent Change Year to Year
1980-81								
July-September	218,370	-18.3	58,028	-19.3	276,398	-18.5	\$2,813,920,000	-8.1
October-December	230,050	-9.3	48,151	-26.5	278,201	-12.8	2,621,379,000	-6.0
January-March	237,545	-16.3	47,538	-30.4	285,083	-19.0	3,082,572,000	2.8
April-June	249,782	9.3	53,060	-7.5	302,842	5.9	3,127,672,000	23.2
FISCAL YEAR	935,747	-9.4	206,777	-21.4	1,142,524	-11.8	\$11,645,543,000	2.3



**TAXABLE TRANSACTIONS OF SERVICE STATIONS COMPARED
TO GASOLINE DISTRIBUTIONS, BY QUARTER, 1980-81**

	Service Stations		Gasoline Distributions			
	Taxable Transactions		Gallons		Estimated Expenditure	
	Amount	% Change Yr/Yr	Amount	% Change Yr/Yr	Amount	% Change Yr/Yr
July-September	\$3,967,588,000	20.5	\$2,893,615,000	-0.6	\$3,443,402,000	25.5
October-December	3,932,689,000	9.3	2,734,357,000	-2.6	3,215,604,000	14.9
January-March	3,932,055,000	-0.1	2,685,718,000	-3.2	3,338,347,000	5.8
April-June	4,213,869,000	2.8	2,872,172,000	+1.6	3,707,974,000	10.5
FISCAL YEAR	\$16,046,201,000	7.5	\$11,185,862,000	-1.2	\$13,705,327,000	13.7

sumed or reimbursed the customer for interest in excess of 12 percent on his loan.

Chrysler's sagging auto sales, its unexpected high prices on the new line of K cars, and unduly high interest rates curtailed its optimistic sales forecasts for the model year. Anticipated profits turned to losses early in the fiscal year, forcing the company to seek an added \$400 million in guaranteed loans. Chrysler was not the only auto maker facing a crisis. American Motors (AMC) has formed a partnership with Renault. The French auto maker first agreed in October 1979 to invest \$200 million to help AMC tool up for a new line of front-wheel-drive cars. Renault pledged \$300 million more to AMC in September 1980 to be invested over a two-year period. Renaults are being sold by most of AMC's 1,660 dealers.

American automobile manufacturers experienced their worst year ever in calendar 1980 as each of the major manufacturers—Chrysler, Ford and General Motors—sustained losses which aggregated \$4 billion for the year. The number of domestic new vehicles sold was 20 percent lower than in 1979 and was less than in any year since 1961.

Imports captured 26.5 percent of the U.S. auto market in 1980 and approximately half of the market in California. Imports maintained their relative position in California at least through the end of the fiscal year. Japanese imports have come under increasing fire as they have acquired an ever larger share of the market. The Ford Motor Company and the United Auto Workers (UAW) appealed to the International Trade Commission during October for a limitation on the number of Japanese cars and light trucks imported into the United States. The Commission denied the petitions as a majority of its members attributed the slump in domestic auto sales to changing tastes from big cars to small ones and to the general weakening of the economy.

Before 1980 passed into history, Chrysler Corporation had drawn \$800 million in loan guarantees from the \$1.5 billion package approved by Congress a year earlier. In January 1981 it applied to draw an additional \$400 million in federally-backed loans. The company also squeezed from UAW employees an additional \$250 million in wage and cost-of-living

concessions beyond the \$446 million previously foregone by Chrysler's UAW workers.

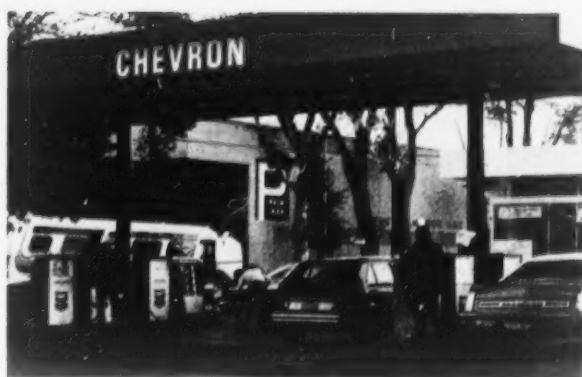
Nationally, sales of domestic models in January fell to their lowest level for that month since 1975, prompting companies to broaden and extend rebates and dealer incentives. In late January 1981, Ford began to offer \$300 cash incentive payments to dealers. In mid-February this was broadened to 10 percent reductions on sticker prices and these were extended to early April. General Motors also in mid-February began to offer rebates of \$500 to \$700 on about half of its cars. American Motors in mid-January cut sticker prices by 10 percent. Chrysler had planned to end its rebates the last day of February but was forced to continue them to meet the competition of the other manufacturers.

Service stations acquired a far larger volume of taxable sales than any other class of business by attracting more than \$16 billion, up 7.5 percent for fiscal 1980-81. This total is greater than the entire volume of taxable transactions of all outlets in the state during 1954 (\$15.3 billion). By the end of fiscal 1980-81, service stations had surpassed every other class of business in taxable sales for eight consecutive quarters.

The numbers alone imply a great deal about the enormous growth in the state from the 1950s through



Domestic auto sales continued to slump as the economy weakened and consumer preference grew for small, fuel-efficient imports.



Reduced consumption and a surplus of petroleum inventories caused gasoline prices to level off during the spring of 1981.

the 1970s. Behind the numbers lie the rapid increase in population with all that it implies for expansion of the economy in a prosperous society, unprecedented levels of personal income, and inflationary prices. Despite highly inflationary fuel prices, Californians are demonstrating their willingness and their need to purchase fuel. In retail sales the amount spent on gasoline ranks second only to the exempt expenditure on food for home consumption: for 1980-81 estimates are \$13.7 billion and \$22.9 billion, respectively.

Gasoline distributions of 11,185,862,000 gallons were down 1.2 percent as motorists continued to cut back on their consumption of gasoline, but the purchase price, estimated at \$13,705,300,000, was up 13.7 percent. The average price per gallon rose from \$1.19 to \$1.29 excluding sales taxes, and averaged \$1.225 during the fiscal year, 15 percent higher than the average price of \$1.065 in 1979-80.

Consumption of diesel fuel in contrast to gasoline increased during the fiscal year, but the rate of growth diminished from 1979-80. Distributions totaling 1,179,810,000 inched upward 1.3 percent compared to a gain of 5.5 percent in the prior year. Despite fuel shortages and price hikes over the past few years, consumption of diesel fuel has consistently increased although gasoline consumption has shrunk. The combined usage of gasoline and diesel fuel, 12,365,672,000 gallons, was 0.9 percent less than in 1979-80.

Two factors operate to increase the use of diesel fuel. The proportion of diesel-powered vehicles of all types—automobiles, small trucks, and tractors—is rising. Furthermore, the increase in the number of diesel-powered vehicles is greater in California than in the nation, according to data published by the Motor Vehicle Manufacturers' Association.

The number of outlets coded by the Board as service stations dropped during the fiscal year from 15,725 to 15,384, a decrease of 341. The Board's definition of "service station" includes some business locations which are not gas stations because a refinery which operates retail service stations is treated as a unified operation in Board statistics and all of its units—bulk plants, laboratories, and sales offices—are coded as service stations. On the other hand, many outlets retailing gasoline are not coded as serv-

ice stations. These include convenience food markets dispensing gasoline, department stores, discount merchandise houses, and marinas.

Department and dry goods stores as a class of business moved up to rank second in taxable sales volume with \$11,694,931,000. Because a number of outlets formerly classified as "Other General Merchandise" stores have been recoded as department stores, the sales of both types of business must be combined in order to make a valid comparison. Such sales aggregated \$12,222,382,000, an increase of 9.8 percent. Limited-price variety stores again registered a sales decrease because one chain (Kress) had forever closed its doors during the preceding year.

Sales of department stores, apparel stores, and specialty stores were strengthened during the year by the opening of a number of regional shopping centers. These include Plaza Bonita in National City, Newpark Mall in Newark, Stoneridge Mall in Pleasanton, Galleria in Sherman Oaks, Solano Mall in Fairfield, Plaza Pasadena, and Santa Monica Place. Some of these malls are in redevelopment areas while others have broken new ground. The development of these and other commercial properties throughout the state has strengthened the construction industry during the period in which housing has been so weak.

The number of permits issued for private residential housing units dropped to 143,650. The volume was 12.6 percent less than in fiscal 1979-80. This marked the third successive yearly decrease in housing units constructed, a three-year drop of almost 50 percent. The depressed level of sales and building activity in housing is directly related to excessively high interest rates as the prime rate hovered around



Some 237,000 new jobs were created in California during the 1980-81 fiscal year, but unemployment averaged an uncomfortably high 7 percent.



20 percent for months. Commercial and industrial construction continued to display strength as the value of contracts authorized for these types of property totaled \$8,240,000,000, up 10.0 percent from 1979-80. The taxable transactions of construction contractors and manufacturers and wholesalers of lumber and building materials totaled \$8,228,500,000, an increase of 2.4 percent over fiscal 1979-80.

The latest available information on retail sales, which is national in scope, published by the U.S. Department of Commerce, indicates that retail sales during the early summer were flat. Taxable sales and economic recovery in general are expected to remain sluggish through the end of the year. However, after the tax cuts become effective, economic development may grow.



Over a three-year period, the number of housing units constructed in California has dropped nearly 50 percent.



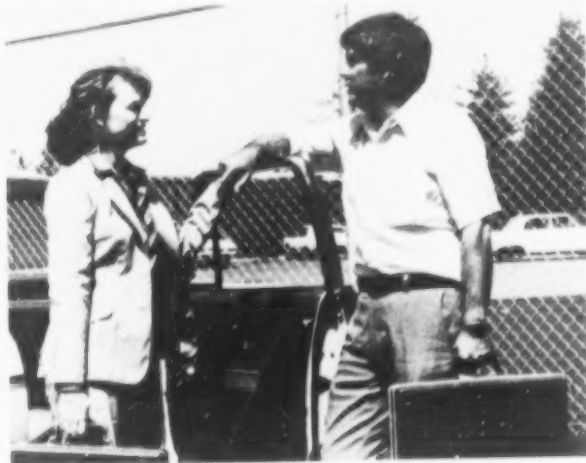
VI. BUSINESS TAXES

Business taxes in California are primarily self-assessed. Each taxpayer declares how much tax is owed by filing a tax return showing amounts subject to tax and appropriate exempt transactions. The business taxes administered by the State Board of Equalization are:

- California Sales and Use Tax (p. 53)
- Local Sales and Use Tax (p. 54)
- Local Transit District Sales and Use Taxes (p. 54)
- Motor Vehicle Fuel License Tax (Gasoline and Aircraft Jet Fuel) (p. 55)
- Use Fuel Tax (p. 56)
- Cigarette Tax (p. 57)
- Alcoholic Beverage Tax (p. 57)
- Insurance Tax (p. 58)
- Emergency Telephone Users Surcharge (p. 59)
- Energy Resources Surcharge (p. 59)

Since the business tax laws are based on a self-assessment system, the Board encourages voluntary cooperation in filing required tax returns. Service to taxpayers is provided through 62 field offices maintained at locations selected to offer the convenience to taxpayers.

On April 1, 1981 a new North San Diego County branch office was opened in San Marcos to provide better service for the increased number of taxpayers in that area. Offices are also maintained in New York, Chicago, and Houston to serve taxpayers who do business in California, but maintain their headquarters or records in other states.



Auditors Sharon Dickey and Wally Treadway of the Santa Rosa District office prepare to leave for an assignment.

Field offices are primarily involved in registering taxpayers; lending assistance to taxpayers in self-assessing the tax; identifying errors in self-assessment through audits and other investigations, which may result in additional assessments or refunds to be issued; and collecting the tax from those individuals who have failed to pay properly or timely. There were \$165,032,873 in additional tax assessments issued during the year and \$14,016,845 refunds to taxpayers who overpaid their tax.

Enforcement Activities

Nearly 400 employees comprise the Board's compliance staff. Their responsibilities include equitable and uniform enforcement of the business tax laws, and assuring that California's more than 650,000 businesses subject to the taxes are properly licensed and that they report and pay their taxes accurately and on time. At the Board's field offices taxpayers may obtain permits and receive advice and direction in applying the law to their particular operation. This direct personal contact continues throughout the life of the business.

One of the major enforcement responsibilities is the collection of delinquent taxes. During 1980, the Board recovered delinquent accounts receivable at the rate of \$399 for each hour of collection time expended, a favorable cost-benefit ratio of 30 to one.

Audit Activities

The Board's audit program provides direct and indirect revenue benefits in excess of cost by protecting the state and local tax base through timely detection and correction of tax reporting errors. Public knowledge that planned and vigorous audit programs exist and that any taxpayer may be called upon to substantiate the correctness of tax returns assures all citizens of the state that taxes are being collected uniformly. An important objective is to assure taxpayers that each is paying neither more nor less than the law requires, an assurance which fosters a climate of cooperation and deters intentional error or carelessness in self-assessment. Information concerning the application of the law and related regulations which taxpayers receive during the course of audits guide them in reporting their tax liabilities accurately.



TAX RETURN PROCESSING



Before opening a new business, a taxpayer applies for a seller's permit at one of the Board's field offices. In Santa Rosa, Program Technician Adelaide Preston completes the taxpayer's application.



In the headquarters Registration Unit, Office Technician Mike Perry reviews applications from the Board's field offices, sends them on to the Data Processing Division where the information is recorded in the computer.



Once a registration record is established, the taxpayer will receive tax return forms mailed at monthly, quarterly, or yearly intervals. Tax returns mailed back to Board headquarters are delivered immediately to the Cashier Unit, which processed 3.36 million tax payments in 1980-81. Office Assistant Judith Bell (right) delivers a tray of mailed returns to Sally Yee.



Using MICR equipment, the Cashier Unit can sort and endorse checks for deposit within 24 hours. In 1980-81, the headquarters Cashier deposited over \$10 billion in tax payments, most within eight hours of receipt.



Tax returns are keypunched in the early stages of processing so that Board staff throughout the state has almost immediate access to return information. Key Data Operator Hope Hernandez transfers information from the tax return to the computer.



After keypunching, every tax return is checked for mathematical accuracy and proper deductions. Calculating Machine Operator Bennie Hight verifies the accuracy of a sales tax return.



Tax returns requiring refunds, billings, or correspondence are handled by the Return Review Unit. Business Taxes Representative Marge Frechette (seated) and Program Technician June Green discuss the deductions claimed by a taxpayer.



The Board collects sales and use taxes under contract with cities, counties, and transit districts. The Local Tax Unit controls the allocation of these revenues. City Auditor Paul Conely consults Auditor Larry Micheli of the Local Tax Unit about revenues forwarded to the city of Los Angeles.



When processing is completed, tax returns are filed in master account folders in the Central Files Unit, which houses more than 650,000 active accounts. Pertinent information contained in the master file is available to field offices through video terminals. Office Assistants Juan Gonzales and Florence Guth file tax returns and correspondence in the Central Files Unit.



Auditor Huey Ong reviews a taxpayer's petition for redetermination of the Board's audit findings.

Most audits result from a selection list composed of accounts eligible for an audit, which classifies all businesses by category. The history of results from auditing specific types of business and their volume of sales during a three-year period provides criteria for determining group characteristics for audit purposes. Specific accounts to be audited are selected at field offices from the lists sent by headquarters. The result of the selection system is that an audit of any account within a particular group has the potential of producing audit results similar to any other account within the group.

By feeding the latest audit data back into the system and discarding older information, the selection system is kept up-to-date and identifies accounts which will yield the most productive audits. The Board strives for accurate reporting of the taxes it administers, emphasizing the state's determination to collect the amount actually due—no more, no less.

Use of this system results in more efficient planning, increases the Board's effectiveness in utilizing its available auditor resources, and maximizes the "tax change" or tax error detected by audit. "Tax change" is the difference between self-assessed taxes and the final determination of taxes due after the tax returns have been audited.

The Board's audit efforts in 1980-81 again resulted in record detection of underpayments and overpayments of self-assessed taxes. Total tax change for all business taxes amounted to \$168.3 million, 23.4 percent more than the \$136.4 million of the preceding year. Tax change per audit hour rose from \$150.33 to \$170.00. The tax change included \$14 million in refunds made to 2,378 taxpayers.

Tax Return Processing

The Board sends tax return forms with basic identification information about each taxpayer account preprinted to each registered taxpayer. These forms contain various coded information which identifies the tax program, area code, single and multiple outlets, reporting period, account number and other pertinent data controlling the type and amount of information required on the return or needed for processing purposes. The return form also includes simplified line-by-line instructions. To support the tax reported, adequate records must be maintained by the taxpayer.

In 1980-81 more than 3 million tax returns were received, verified, and processed in Board headquarters at Sacramento. Approximately 215,000 of these required additional action in billings, adjustments, correspondence, and/or refunds. Returns may require advisory service to the taxpayers about the application of tax laws and regulations or information on changes in the law or procedures.

The Board is constantly seeking ways of streamlining operations in the interest of convenience to the taxpayer without compromising the accuracy of the tax reporting procedures.



Office Technician Chris Harrison of the Account Reference Unit uses a video terminal to make a correction in the delinquency file stored in the headquarters computer.

Maintenance of Taxpayer Records

Approximately 4 million tax returns and related materials are received each year for filing in 100,000 individual taxpayer account files. Color-coded files are used to reduce errors and speed up retrieval operations. Files can be retrieved in less than three minutes in most instances.

The microfilm system installed in 1979-80 has been expanded. Over 1,400,000 yearly sales tax returns and prepayment forms are now on microfilm, conserving more than 400 square feet of office space for new account records.

Inactive records which are clear of pending activity seven months from the process date of closeout are purged on a regular basis. An automated system matches the accounts against computerized records of delinquencies, accounts receivable balances, uncleared security, and pending petitions and refunds.



Microfilm Technician Dick Logan microfilms records for storage. Over 1,400,000 documents have been microfilmed, saving more than 400 square feet of office space.

Over 150,000 taxpayer account folders were transferred to low cost storage at the State Records Center during 1980-81. A destruction date, which is a minimum of three years from the process date of closeout, is assigned to the records at the time of transfer. Accounts for which new actions arise while in storage are recalled as needed and either reactivated or returned to storage upon clearance of the pending activity.

The Board has a continuous program for deletion of nonessential documents from active account folders which are over three years old. Certain documents which are essential to account continuity and activity are retained for the life of the account. During 1980-81 fiscal year, 500 cubic feet of obsolete records were deleted and destroyed, creating file space for the 140,000 new accounts issued during the same period.

To prevent unauthorized public inspection of taxpayer records, the Board has a witnessed destruction program for confidential records. Over 50,000 pounds (1,700 cubic feet) of confidential tax returns and documents were witnessed as destroyed during the 1980-81 fiscal year. The shredded records were then recycled.



Auditor Dick Smith of the Petition Unit writes a summary of a taxpayer's appeal for use by the Board at a formal hearing.



Word processing technicians (from left) Karen Nakao, Lenea Miranda, Marian Yee, and Debbie Tong examine a taxpayer letter produced on word processing equipment. Using information supplied by an operator, the system prepares correspondence and other typed material in a fraction of the time required by hand.

Use Tax on Occasional Sales of Vehicles, Vessels, and Aircraft

All purchases of vehicles, vessels and aircraft in California are subject to either sales tax or use tax. Purchases from dealers are subject to the sales tax. The Department of Motor Vehicles acting as the Board's agent collects use tax on most nondealer vehicle sales. Board staff in Sacramento collects the use tax due on some vehicles and all vessels and aircraft directly from the purchaser.

There were 137,000 vessel transfers in fiscal year 1978-79, an all-time high, dropping to 123,000 last year. This year there were 113,000 transfers as vessel use tax revenues continued to decrease. However, increases in aircraft and transit district use tax more than offset the vessel revenue decrease. Use tax revenues collected directly by the Board increased by 8.1 percent while vehicle use tax decreased by 1.3 percent. See the following table for more detail.

During 1980 the Board joined in a test program with the California Highway Patrol to identify vehicles operated by California residents which are illegally registered in another state. Significant vehicle use tax and registration fees are being avoided by this



Word Processing Technician Linda Hammer keys data into the computer to update Occasional Sales registration files. This data will instruct word processing equipment in another unit to prepare letters to the taxpayers.



USE TAX ACTIVITIES

Fiscal Year	Vehicles	Vessels	Aircraft	Transit District	Totals
1976-77	\$ 95,507,692	\$ 9,932,735	\$ 3,581,709	\$ 209,438	\$ 109,231,574
1977-78	129,635,857	10,754,361	3,998,632	337,027	144,725,877
1978-79	151,930,612	11,650,518	4,120,097	320,706	168,021,933
1979-80	147,934,047	11,388,971	3,644,183	303,896	163,271,087
1980-81	145,987,640	10,570,597	5,621,180	602,853	162,782,270
% change 80-81 from 79-80	-1.3%	-7.2%	+54.3%	+98.4%	-0.3%

illegal registration. Based on results of the pilot project, a continuation of the effort including active participation by the Department of Motor Vehicles was approved for 1981. This interagency cooperation should prevent erosion of vehicle use tax revenues.

California Sales and Use Tax

The sales tax is imposed upon retailers at the rate of 6 percent on tangible personal property sold at retail. A retail sale is defined in the law as a sale of tangible personal property for any purpose other than resale in the ordinary course of business. Both state (4.75 percent) and state-administered local (1.25 percent) taxes are included in the 6 percent rate. In transit districts an additional one-half of 1 percent is in effect. Use tax is levied at the same rate as sales tax and is imposed upon the storage, use, or other consumption in California of property purchased from a retailer in a sale not subject to sales tax.

Although sales tax is levied on most retail sales and leases of tangible personal property, there are numerous exemptions. Principal exemptions cover sales of food for home consumption; prescription drugs; and gas, electricity, and water delivered through mains, lines, or pipes. A complete listing is published in the Sales and Use Tax Law, Revenue and Taxation Code, Sections 6351 through 6422.1.

Everyone in the business of selling personal property subject to the sales tax must obtain a seller's

permit from the Board. Manufacturers and wholesalers are included. No fee is necessary, but the applicant may be required to furnish security to assure payment of the tax. The permit remains valid unless suspended or revoked by the Board and need not be renewed. A separate permit is required for each place of business.

Most permit holders file tax returns quarterly, but the Board requires many taxpayers to file monthly or annually instead. Upon written notification by the Board, any taxpayer who has an estimated monthly average measure of sales tax of \$17,000 or more per month, as determined by the Board, must make prepayments regardless of the volume of taxable sales until notified by the Board to discontinue prepayments. Two prepayments per quarter are due and must not be less than 90 percent of the tax liability for that month or an amount equal to one-third the measure of tax reported for the corresponding period of the previous year. In addition to the prepayments, a quarterly tax return must also be filed and paid by the end of the month following the end of the quarter.

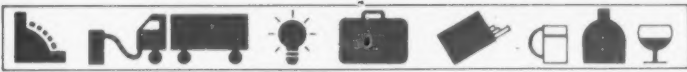
Tax return forms are furnished by the Board and must be filed with remittance of the amount due on or before the last day of the month following each reporting period. During the 1980-81 fiscal year, state sales and use tax collections totaled \$7,175,397,000.



Office Assistant Stephanie Kimball purges obsolete documents from the files of a sales tax account. In 1980-81, 500 cubic feet of obsolete records were purged and destroyed, creating file space for the 140,000 new accounts registered during the year.



In the Compliance Planning Unit, Compliance Planning Supervisors Dennis Smith (left) and Tim O'Brien review a draft of the Business Taxes Calendar which coordinates the work functions of various Board units.



Local Sales and Use Tax

All 58 California counties impose a 1.25 percent sales and use tax, and California cities impose a one percent tax under provisions of the Bradley-Burns Uniform Local Sales and Use Tax Law, which was enacted by the Legislature in 1955. Transactions subject to county sales and use taxes are entitled to a credit for payment of city sales and use taxes thereby limiting the overall rate of tax to 1.25 percent. Since 1961, all counties and all cities have contracted with the Board by passing appropriate ordinances to administer the local sales and use taxes. During the 1980-81 fiscal year, local sales and use tax ordinances administered by the Board produced \$1,859,813,000 in local tax revenues.

Under the provisions of the Local Sales and Use Tax Law, the Board is required to distribute the local taxes to cities and counties twice each quarter. However, in order to distribute the funds more promptly, estimated advance payments based on analysis of economic indications, growth patterns, and other significant trends are sent each month to local governments. The cities and counties may request that their warrants be deposited in a Sacramento branch of their bank, thus gaining interest for the days during which the funds would have been in the mail. Also, the money is available sooner.

Transit District Transactions (Sales) and Use Taxes

The San Francisco Bay Area Rapid Transit District (San Francisco, Alameda, and Contra Costa Counties), the Santa Clara County Transit District (includes all of Santa Clara County), and the Santa Cruz Metropolitan Transit District (includes all of Santa Cruz County) currently impose transaction and use taxes at the rate of one-half of 1 percent.

During fiscal year 1980-81, the following distributions of transit tax were made:

Bay Area Rapid Transit District	\$56,426,000
Santa Clara County Transit District	\$44,218,000
Santa Cruz Metropolitan Transit District	\$4,752,000

In general, the provisions of the district transactions and use tax laws are similar to those of the local sales and use tax laws, with few exceptions, as follows:

The district transactions tax does not apply to sales made to purchasers for use outside the district, in which the retailer delivers or ships the property to the purchaser at a location outside the district.

The tax does not apply to sales of automobiles to persons who reside outside the district, and who register the vehicle to a location outside the district. The purchaser must sign a declaration under the penalty of perjury that the address is in fact his principal place of residence. This provision also applies to aircraft and undocumented vessels.

Commercial vehicles are considered to have been delivered outside the district and are exempt from the transactions tax if they are registered to a place of business outside the district, and the buyer furnishes the seller with a declaration under penalty of perjury that the vehicle will be operated from that address.

Also, the transactions tax does not apply if a seller is required to sell property pursuant to a contract for a fixed price entered into prior to the operative date of the ordinance. Conversely, the use tax does not apply if the purchaser is obligated to purchase the property for a fixed price pursuant to a contract entered into prior to the operative date of the ordinance. These provisions also apply to leases.

The other provisions of the law generally follow the Uniform Local Sales and Use Tax Law imposed by all of the cities and counties in California.

Los Angeles County Transit District

By less than a two-thirds vote, the voters in Los Angeles County approved an ordinance in the November 1980 election which had been adopted by the Los Angeles County Transportation Commission in August 1980, imposing a transactions and use tax in that county, to be administered by the Board of Equalization effective July 1, 1981.

The Board requested an opinion of the Attorney General as to the validity of that ordinance. In a published opinion, the Attorney General stated that the ordinance did not meet the two-thirds majority vote requirement of Proposition 13 and was therefore unconstitutional. However, the Attorney General also stated that, under Article III, Section 3.5 of the State Constitution, the Board was required to administer the ordinance until an appellate court determines that the ordinance is unconstitutional.

The Board and the Commission entered into a contract for the Board to prepare to administer the ordinance. The Board commenced such preparations and incurred costs which it billed to the Commission. The Executive Officer of the Commission refused to pay the Board's costs of preparing to administer the ordinance. The Commission brought an action in the Supreme Court to compel him to pay those costs. The Board advised the Commission that it would discontinue preparations to administer the ordinance unless the Commission paid the Board's costs. The Board orally advised the Commission's attorney that the Board probably could not agree to administer the ordinance unless the Commission agreed to pay the Board's costs of administering the ordinance and the amount of any taxes plus interest and penalties that the Board might be required to refund to taxpayers, as well as the Board's costs for making such refunds. The Commission then paid the Board's costs of preparing to administer the ordinance incurred through April 30, 1981.



The Board then delivered to the Commission the contract for administering the ordinance, which contained a provision requiring the Commission to pay the Board its costs of administering the ordinance along with the amount of any taxes plus interest and penalty that the Board might be required to refund to taxpayers should an appellate court hold the ordinance unconstitutional. The Commission refused to execute the contract.

The Commission petitioned the California Supreme Court for a writ of mandate to require the Board to administer its ordinance. The Supreme Court denied the petition without issuing an opinion. The Commission filed a petition for writ of mandate in the Superior Court of Los Angeles County. The Superior Court issued the writ, directing the Board to sign the contract with no changes, and to administer the Commission's tax.

The Board appealed to the District Court of Appeals, automatically staying the writ. On petition of the Commission, however, the Superior Court lifted the stay. The Board applied to the Court of Appeals for an order staying the writ of mandate pending the outcome of the appeal, or the decision by the Supreme Court on the constitutionality of the ordinance. The Court of Appeals denied the Board's petition, and the Board petitioned the Supreme Court for such a stay.

Meanwhile the Superior Court issued an order for the Board to show cause on October 28, 1981 why it should not be held in contempt for violating the mandate. On October 8, the Supreme Court granted the Board a stay pending the decision on the constitutionality question. Hearings on the case are tentatively scheduled for November, with a decision expected within 90 days thereafter.

Motor Vehicle Fuel License Tax (Gasoline and Aircraft Jet Fuel)

The Motor Vehicle Fuel License Tax is imposed at the rate of 7 cents per gallon on the first distribution of fuel in this state. Persons dealing in motor vehicle

fuel (gasoline) in quantities of 3200 gallons or more are required to be licensed by the Board.

This tax was instituted in 1923 at the rate of 2 cents per gallon. The rate rose through the years until October 1, 1963, when the tax was increased from 6 cents to 7 cents per gallon. In 1965 and again in 1969, a special 1-cent levy was added to repair and restore roads damaged by floods and storms. In 1965, the increase was in effect for five months. In 1969, the additional penny was collected for three months.

The total tax collected for fiscal year 1980-81 amounted to \$789,106,000 on distributions of 11.2 billion gallons, which is a decrease of 1.2 percent from 1979-80. This represents a reduction of \$10,906,000 in tax revenue to the state. Gasoline consumption peaked in calendar year 1978 at 11.9 billion gallons, and declined in both 1979 and 1980. Total fuel consumed in calendar year 1980 totaled 11.2 billion gallons, a decrease of 5.5 percent compared to 1978.

Higher prices, a greater number of fuel efficient automobiles, and greater conservation efforts by motorists are the main factors contributing to reduced fuel usage.

Numerous service stations throughout the state are now selling gasohol, a mixture of gasoline and alcohol. Legislation enacted in 1980 provides a partial sales and use tax exemption on the sale or use of gasohol equal to 5 cents in tax per gallon. The purpose of the exemption is to promote the development of a production and distribution system for agriculture related alcohol fuels. No exemption has been provided to the motor vehicle fuel license tax. The total number of gallons of gasohol sold during fiscal year 1980-81 is not available since distributors were not required to report separately their gasohol distributions until the January 1981 reporting period. However, for the last six months of fiscal year 1980-81, 40.8 million gallons of gasohol were reported as taxable distributions. This represents 0.7 percent of the total motor vehicle fuel distributed in California.

The sale of aircraft jet fuel is taxed at the rate of 2 cents per gallon. The United States Armed Forces, air common carriers, and persons engaged in constructing or repairing aircraft are exempt from this tax.

TAXABLE DISTRIBUTION OF GASOLINE IN CALIFORNIA
(Gallons)

Period	1976	1977	1978	1979	1980	1981
January	847,383,379	882,763,370	907,899,140	965,235,012	919,709,297	915,585,722
February	811,325,212	821,445,772	863,751,214	941,774,401	875,268,405	842,042,813
March	897,540,478	966,678,938	999,173,719	1,004,839,496	978,378,381	928,089,690
April	894,450,642	915,567,807	959,585,117	962,013,023	942,062,416	932,441,737
May	920,126,274	964,878,814	1,027,312,223	998,347,230	969,555,935	1,012,652,881
June	929,846,076	988,506,706	1,025,631,858	950,415,036	914,827,049	927,076,922
July	932,427,326	983,688,958	1,021,724,663	948,144,868	975,522,776	
August	931,517,413	1,000,895,451	1,078,684,509	1,013,134,805	969,973,996	
September	881,610,271	948,293,957	969,873,136	948,793,722	948,118,075	
October	896,738,710	941,241,570	1,016,800,184	962,451,883	922,126,960	
November	877,565,880	933,922,756	980,580,920	930,852,293	894,858,113	
December	935,855,895	990,123,744	1,026,541,558	913,622,430	917,372,105	
CALENDAR YEAR TOTALS	10,756,387,557	11,328,007,843	11,877,558,261	11,539,624,199	11,227,773,508	



The total aircraft jet fuel tax collected for the fiscal year 1980-81 amounted to \$891,000 on distributions of 43.7 million gallons. Revenue from this tax is transferred to the aeronautics fund.



Account Clerk Mary Babick, Excise Tax Unit, prepares to mail monthly statistical reports on gasoline consumption in the state.

The Board of Equalization and the State Controller share responsibility for administering the Motor Vehicle Fuel License Tax. The duties of the Board include licensing, determining security requirements, enforcement, and auditing. Collections, refunds relating to exempt uses of fuel, and disbursement of funds are the Controller's functions. During the 1980-81 fiscal year, the Controller refunded \$27,325,753 to consumers for exempt off-highway uses of all types of fuel.

Use Fuel Tax

A use fuel tax is imposed upon the use of fuel in motor vehicles. The tax does not apply to fuel used other than for the generation of power to propel a motor vehicle in this state, nor to fuel used for certain other purposes, such as in motor vehicles operated off highway and in farm and construction vehicles exempt from vehicle registration.

"Fuel" includes any combustible gas or liquid used in an internal combustion engine for the generation of power, except fuel subject to tax under the Motor Vehicle Fuel License Tax Law (primarily gasoline). It includes diesel fuel, liquefied petroleum gas, and natural gas. "Use," in addition to the consumption of fuel to propel a motor vehicle, includes placing the fuel into the fuel tank or any receptacle on a motor vehicle from which fuel is supplied for the propulsion of the vehicle, but does not include placing the fuel into storage tanks.

The rate of tax is 7 cents per gallon of diesel and similar fuels; 6 cents per gallon of liquefied petroleum gas and liquid natural gas; and 7 cents per 100 cubic feet of compressed natural gas, measured at standard pressure and temperature.

The tax rate on diesel fuel was increased from 4½ cents to 7 cents per gallon effective July 1, 1953. On liquefied petroleum gases and liquid natural gas, the tax rate was raised from 6 cents to 7 cents per gallon October 1, 1963, along with the tax on gasoline. However, subsequent statistics that motorists get fewer miles per gallon with these gases prompted the Legislature to lower the rate to 6 cents per gallon effective January 1, 1966, to equalize the tax burden for all motorists. The tax rate of 7 cents per 100 cubic feet for compressed natural gas was effective November 23, 1970.

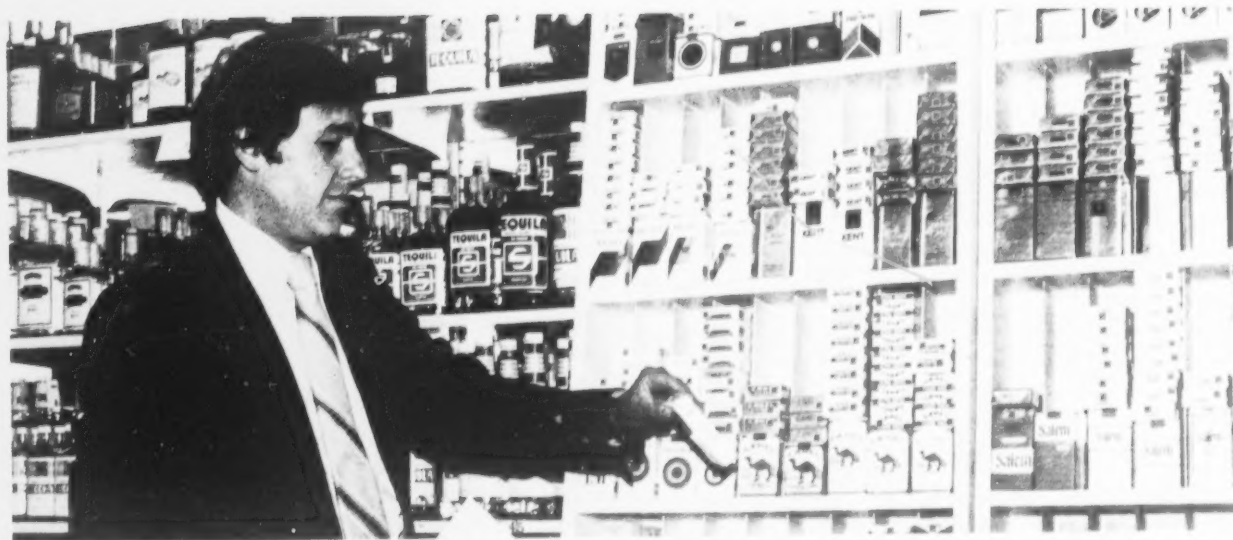
The owner or operator of a vehicle propelled by a system using liquefied petroleum gas, liquid natural gas, or compressed natural gas may pay an annual flat rate fuel tax based on the type or weight of the vehicle instead of the gallon rate.

A person who sells fuel and places it into the fuel tank of a motor vehicle is a "vendor" and must collect tax from the user. Every vendor and user, except a person whose fuel is purchased tax paid from a vendor and used in a privately operated passenger vehicle, must obtain a permit from the Board and deposit required security.

Use fuel taxes and fees for 1980-81 totaled \$81,769,296. There were 53,086 use fuel and 2,623 vendor use fuel permits in force as of June 30, 1981.



Auditor Jeanette Beach prepares for a trip to one of the Board's field offices where she will instruct other auditors in the processing of mobilehome owners' claims for sales tax refund.



Business Taxes Representative Ken Dalpe visits a Sacramento convenience store to conduct a spot check for cigarette tax stamps.

Cigarette Tax

The Board collects the Cigarette Tax through sales of tax stamps and meter impressions. Licensed cigarette distributors must affix a tax stamp or meter impression to each package of cigarettes before the cigarettes are sold, as evidence that the tax has been paid. The distributors purchase the tax stamps or meter impressions from local branches of a major California bank which has contracted with the Board to act as its agent for such transactions. The stamps are manufactured for the Board, under contract, by a large printing firm, which delivers the stamps to bank branches as directed by the Board.

The tax is imposed at the rate of 5 mills (\$0.0005) for each cigarette, which equals 10 cents per package of 20 cigarettes. The tax rate on cigarettes was increased from 3 cents to 7 cents per pack effective August 1, 1967. On October 1, 1967, the rate was further increased to 10 cents per pack, with the stipulation that 30 percent of the tax be allocated to cities and counties.

Revenue from the Cigarette Tax is deposited in the state treasury to the credit of the Cigarette Tax fund. Thirty percent of the revenue, less cost of administration, is returned to local governments. Distribution is by a formula based on local distributions of state-administered local sales and use taxes and population.

The revenue from the Cigarette Tax and distributions during 1980-81 totaled \$278,161,000, a 2.2 percent increase over 1979-80. The local government share totaled \$82,465,361. The total cost to the state of collecting the Cigarette Tax, including the cost of manufacturing the tax stamps, was only 48 cents per \$100 of revenue.

In 1980, the United States Supreme Court held in the case of the *State of Washington v. Confederated Tribes of the Colville Indian Reservation* that Indian sellers must collect state taxes on sales to non-Indian customers, and that a state may seize cigarettes en route to an Indian seller who refuses to do so. In September 1980, a shipment of untaxed cigarettes on the way to an Indian reservation in California was seized by the State Board of Equalization with the cooperation of the San Bernardino County Sheriff's Department. Firm action by the Board, with the cooperation of other states, has ended the previously widespread distribution of untaxed cigarettes by Indian sellers.

Alcoholic Beverage Tax

Excise taxes on distilled spirits are collected when the product is sold by the wholesaler to the retailer. The tax is imposed on the sale of alcoholic beverages by beer manufacturers, distillers, winegrowers, rectifiers, importers, and others selling such beverages not previously taxed. The issuance of an alcoholic beverage license by the Department of Alcoholic Beverage Control constitutes registration with the Board under the Alcoholic Beverage Tax Law.

Tax rates vary from \$4 per gallon on distilled spirits over 100 proof to 1 cent per gallon on wine with 14 percent or less alcoholic content. The excise tax of \$2 per gallon on distilled spirits of 100 proof or less yields the most Alcoholic Beverage Tax revenue. Other tax rates are 4 cents per gallon for beer, 2 cents per gallon for wine with more than 14 percent alcohol, and 30 cents per gallon for sparkling wine. See Appendix Table 27 (page A-35) for the historical chronology of the various tax rates for alcoholic beverages.



California's tax rates on alcoholic beverages are among the lowest—the nation's lowest tax rate on wine and the fourth lowest on beer. Only five states have lower tax rates on distilled spirits. Several bills pending in the Legislature would provide for an increase in all of the alcoholic beverage tax rates.

Legislation effective January 1, 1981, provides an exemption for wine and distilled spirits sold to certain instrumentalities of the armed forces. Taxpayers claiming the exemption or credit are required to file a subsidiary report with their tax return listing all wine or distilled spirits sold to instrumentalities of the armed forces during the reporting period covered by the return.

The Board collected \$143,065,000 in alcoholic beverage taxes during 1980–81, an increase of 2.5 percent over 1979–80. The total revenue collected included \$114,999,000 from the sale of distilled spirits, \$24,707,000 from the sale of beer, and \$3,359,000 from the sale of wine.



In the Excise Tax Unit, Tax Auditor Walter Rickey and Office Assistant Elora Johnson reconcile beer vendors' reports with shipping reports. The 4-cent-per-gallon excise tax on beer is collected when the product is sold by the wholesaler to the retailer.

Insurance Tax

The administration of the Insurance Tax is shared by three state agencies. The Department of Insurance regulates insurers and determines the correct amount of tax. The Board of Equalization, upon recommendation from the Department of Insurance, issues tax assessments. The Board also considers petitions for redetermination and claims for refund, and grants oral hearings to petitioners. The tax is collected by the State Controller.

During the 1979–80 legislative session, the Board sponsored a bill to transfer responsibility for the com-

plete administration of the Insurance Tax to the Board. Such a change would eliminate duplication of work, reduce administrative costs, and improve the effectiveness of the Insurance Tax program. The bill was not enacted in the form in which it was introduced. However, an amended version was enacted and approved by the Governor which required the Legislative Analyst to review the present joint administration of the Insurance Tax and report to the Legislature no later than December 1, 1981, on whether the present law and procedures for administration of the tax should be revised.

The Insurance Tax levied against insurance companies is in lieu of all other taxes except license fees and taxes on real estate. Generally, the tax applies at the rate of 2.35 percent of the gross premiums received on business done in this state except that life insurers are taxed at the rate of one-half of 1 percent on premiums derived from annuities and profit-sharing plans which are exempt or which qualify under specific sections of the Internal Revenue Code.

During this fiscal year, Section 12636 was added to the Revenue and Taxation Code to allow the Board to relieve the insurer of the penalty for failure to make a timely return or payment if reasonable cause existed.

The following table summarizes assessments by type of insurer for the last four years:

INITIAL INSURANCE TAX ASSESSMENTS
(In Thousands)

Type of Insurer	1980	1979	1978	1977	Percent Change 80 to 79
Fire and Casualty	\$280,940	\$267,454	\$244,852	\$221,999	5.0
Life	156,996	151,838	141,990	130,261	3.4
Title	6,598	7,702	7,059	6,583	-14.3
Ocean Marine	146	100	144	75	46.0
TOTAL	\$444,680	\$427,094	\$394,045	\$358,918	+40.1%



Auditor Bert Picus and Office Assistant Mary Poten of the Excise Tax Unit post Insurance Tax refunds. The Insurance Tax yielded nearly \$445 million in 1980–81.



Emergency Telephone Users Surcharge

The Emergency Telephone Users Surcharge is imposed on amounts paid by persons for intrastate telephone communication services in this state. The surcharge rate is currently one-half of 1 percent on charges for intrastate telephone calls. Every telephone supplier is required to collect the surcharge from the telephone user at the time billings for the service are collected.

The telephone surcharge provides funds for the implementation and operation of a 911 emergency telephone assistance program. The 911 emergency system is being installed on a gradual basis and will be fully operational statewide by December 31, 1985.



Auditor Henry Gordon and Office Assistant Carmen Cobian prepare a billing under the Emergency Telephone Users Surcharge Law. Revenues fund local "911" emergency telephone systems which are gradually being installed throughout the state.

As of July 1, 1981, 73 systems had been installed, with the 911 emergency services operating countywide in 19 California counties. The Department of General Services estimates that 51 more systems will become operational during the coming fiscal year, adding 13 more counties with countywide service. Where the service has been implemented, the three-digit number may be dialed to obtain emergency services such as police, fire, rescue, or medical assistance.

An amendment to the Emergency Telephone Users Surcharge Law in 1980 provided that the Department of General Services shall determine the

surcharge rate each year not later than September 1, and notify the Board of the new rate. The Board must then fix the rate, and notify the telephone service suppliers of the new rate. That law also changed the earliest date on which the rate can be adjusted from September 1, 1982, to September 1, 1981.

The rate is established to raise sufficient revenue to pay for current fiscal year 911 service plans, supplemented by any balance remaining in the fund from previous years. The surcharge is collected by telephone companies around the state, and is paid to the Board of Equalization for transmittal to the State Treasurer to be deposited in the state treasury to the credit of the State Emergency Telephone Number Account in the general fund.

During fiscal 1980-81 total surcharge collections were \$15,759,000, an increase of 4.1 percent from 1979-80.

Energy Resources Surcharge

An Energy Resources Surcharge is collected by 49 electric utilities operating in California from consumers of electrical energy and paid to the Board each quarter. There are also 17 miscellaneous entities which remit the surcharge to the Board on electrical energy purchased from the United States Government.

An amendment to the law provides that the Energy Resources Surcharge may now be imposed upon banks and financial institutions effective with their income year beginning January 1, 1981. Electric utilities are required to collect the surcharge from banks for all billing periods beginning January 1, 1981, unless the customer certifies to the utility that the customer's income year began on a later date.

The surcharge rate is determined annually by the Board to produce sufficient revenue to fund expenditures authorized in the budget for state energy resources conservation and development. The new rate takes effect on billings for periods beginning March 1 each year. After the budget is approved, the Board adjusts the rate for any changes made during the budget process. The adjusted rate takes effect on billings for periods starting September 1. The Board may fix the rate within the limits of zero to two-tenths of a mill (\$.0002) per kilowatt hour graduated in increments of one-hundredth of a mill.

The rate of \$.00015 per kilowatt hour was increased to \$.00016 on billing periods beginning September 1, 1980. The surcharge collections from these rates produced \$23,817,000 in 1980-81.

The Board increased the rate to \$.00019 for billing periods starting March 1, 1981. The surcharge collection from this rate will be received in fiscal year 1981-82.



Business Taxes Legislation

Following is a brief summary of the bills passed by the Legislature which are of significance to the Board's business taxes operations.

Assembly Bill 905—Chapter 1280—Sept. 29, 1980 Alcoholic Beverage Tax Exemptions for Military Installations

Added Section 32177.5 to the Alcoholic Beverage Tax Law to exempt the sale of wine and distilled spirits sold to Army, Air Force, Navy, Marine Corps, and Coast Guard exchanges, package liquor outlets, Class VI stores, officers' clubs or messes, noncommissioned officers' clubs or messes, warrant officers' clubs or messes, or enlisted men's clubs or messes. If the Alcoholic Beverage Tax has been paid on wine or distilled spirits which are subsequently sold to one of these instrumentalities, the alcoholic beverage taxpayer will be allowed a credit for the tax so paid.

No exemption or credit will be allowed on beer sold to instrumentalities of the armed forces.

The provisions of this statute automatically expire on January 1, 1984, or on the first day of the first calendar month commencing more than 60 days after existing federal laws are amended by Congress to provide for state and local taxation of sales to federal installations, whichever occurs first, and will have no force or effect on and after such date unless a later enacted statute chaptered before January 1, 1984, deletes or extends such date.

Assembly Bill 2232—Chapter 849—August 31, 1980 Monetized Bullion Sales

Amended Section 6355 of the Sales and Use Tax Law to provide that a sale of monetized bullion shall be deemed to be substantially equivalent to a transaction in securities or commodities through a national securities or commodities exchange, if the sale is by or through a person registered pursuant to or not required to be registered under the federal Commodity Exchange Act.

Assembly Bill 2324—Chapter 908—Sept. 17, 1980 Alternative Energy Source Tax Exemption Changes

Added Section 6010.8 to the Sales and Use Tax Law to provide that "sale" and "purchase" do not include any transfer of title of tangible personal property constituting any project to the California Alternative Energy Source Financing Authority by any participating party, nor any lease or transfer of title of tangible personal property constituting any project by the authority to any participating party when the transfer or lease is made pursuant to Division 16 (commencing with Section 26000) of the Public Resources Code.

This exemption is similar to an exemption provided to the California Pollution Control Financing Authority under the Sales and Use Tax Law.

The authority will not acquire property direct from the vendor but rather from the participating party who will acquire the property from a vendor tax paid. The bill ensures that it will not be necessary that sales or use tax be paid both on the original purchase of equipment and the subsequent sale and leaseback of the equipment.

Assembly Bill 2461—Chapter 994—Sept. 21, 1980 Taxpayer Relief in Natural Disasters

Added Section 6593 to the Sales and Use Tax Law to provide a relief of interest imposed pursuant to Sections 6459, 6513, and 6591 if the Board finds that a person's failure to make a timely return or payment was due to a natural disaster, and occurred notwithstanding the exercise of ordinary care and the absence of willful neglect.

Any person seeking to be relieved of the interest shall file with the Board a statement under penalty of perjury setting forth the facts upon which the claim for relief is based.

A version of Section 6593 was also added by Assembly Bill 2991, Chapter 1194. Since neither statute conflicts with the other, they are both valid.

Assembly Bill 2656—Chapter 546—July 17, 1980 Change in Cargo Container Tax Exemption

Amended Section 6009.1 of the Sales and Use Tax Law to delete the rental to a lessee of certain waterproof cargo containers from the exclusion from the definition of "storage" and "use". This bill complements Assembly Bill 66, Chapter 1150 of Statutes of 1979, which repealed, effective July 1, 1979, the sales tax exemption (Section 6395) for cargo containers leased under the same circumstances. Also refer to Assembly Bill 2769, Chapter 1290, which established a sales tax exemption for sales of certain cargo containers sold by instate manufacturers.

Assembly Bill 2769—Chapter 1290—Sept. 30, 1980 Change in Cargo Container Tax Exemption

Added Section 6388.6 to the Sales and Use Tax Law to exempt from sales and use tax the gross receipts from the sale and use of certain cargo containers which are to be used outside this state and are delivered by an instate manufacturer of the cargo containers to the purchaser within this state. The bill defines "cargo containers" and exempts the gross receipts from the sale of such cargo containers provided:

- 1) the purchaser moves the cargo container to a point outside this state within 30 days from and



after the date of delivery and provides an affidavit to the manufacturer attesting to this fact.

- 2) the purchaser provides an affidavit to the manufacturer attesting that the cargo container was purchased for use exclusively outside this state or exclusively in interstate commerce.

The provisions of this statute automatically expire on December 31, 1983, unless a later enacted statute chaptered before December 31, 1983, deletes or extends such date.

Assembly Bill 2915—Chapter 1149—Sept. 29, 1980
Mobilehome Resale Certificate

Amended Sections 6012.8 and 6012.9 of the Sales and Use Tax Law as amended by Senate Bill 1422, Chapter 285, operative July 1, 1980, to provide for issuance of a resale certificate by the retailer for the purchase of a mobilehome. Upon sale of such mobilehome for installation for occupancy as a residence, the retailer, who is considered the consumer of such mobilehome, is then required to report the appropriate gross receipts or sales price from such purchase.

Additionally, Section 6094.5 of the Sales and Use Tax Law was amended operative also on July 1, 1980, to exclude retailer/consumer of mobilehome from its provisions.

Assembly Bill 2991—Chapter 1194—Sept. 29, 1980
Leases to the U.S. Government

Added Section 6593 to the Sales and Use Tax Law to provide that no interest or penalties shall be assessed against any person for failure to make any payments of any taxes on leases of tangible personal property to the United States Government while the Board is enjoined from collecting such taxes by order of the United States District Court in the case of *United States of America v. State Board of Equalization*, No. CV 79-03359-R, provided that payment of any applicable taxes is made within 60 days after the Board is no longer enjoined from collecting such taxes.

A version of Section 5693 was also added by Assembly Bill 2461, Chapter 994. Since neither statute conflicts with the other, they are both valid.

Assembly Bill 3022—Chapter 1035—Sept. 21, 1980
Emergency Telephone Users Surcharge Procedure Changes

Amended Section 41030 of the 911 Emergency Telephone Users Surcharge Law to transfer the responsibility for determining the surcharge rate from the Board of Equalization to the Department of General Services. However, the Board is required to fix the rate, as determined by General Services, and to notify service suppliers of the new rate.

This act also changed the first date on which the rate can be adjusted from September 1, 1982, to September 1, 1981.

Senate Bill 85—Chapter 1348—Sept. 30, 1980
Sales Tax Exemption for Noncarbonated Water

Added Section 6359.6 to the Sales and Use Tax Law to exempt from the sales and use taxes the gross receipts from the sale of and the storage, use, or other consumption in this state of noncarbonated and noneffervescent bottled water sold in individual containers of one gallon or more in size.

Senate Bill 1049—Chapter 91—May 14, 1980
Sales Tax Permit Application Requirement Changes

Amended Sections 6066, 6067 and 6072 of, and added Section 6066.5 to the Sales and Use Tax Law to require a person signing an application for a sales tax permit to certify that the applicant will actively engage in or conduct a business as a seller of tangible personal property, and to provide that any person who fails to surrender the permit to the Board if he is not actively engaged in or conducting a business as a seller of tangible personal property or knowingly issues a resale certificate in such circumstances for personal gain or to evade payment of taxes shall be liable for the taxes that would otherwise be due on the transaction plus penalty of 10 percent and interest at the rate of 1 percent per month from the date of the transaction to the date of payment.

Senate Bill 1259—Chapter 645—July 20, 1980
Sales Tax Exemption for Meals to the Elderly

Added Section 6376.5 of the Sales and Use Tax Law to exempt from sales and use taxes the sale of, storage, use or other consumption of meals and food products furnished to and consumed by persons 62 years of age or older, residing in a condominium and who own equal shares in a common kitchen facility, provided the meals and food products are served to such persons on a regular basis.

Senate Bill 1280—Chapter 222—June 25, 1980
Sales Tax Exemption for Medical Alert Tags Extended

Repealed Section 3 of Chapter 878 (SB 1493) of the Statutes of 1978. Such section provides that the exemption for medical alert tags pursuant to Section 6371 of the Sales and Use Tax Law will remain in effect until September 19, 1980, and as of such date is repealed, unless a later enacted statute, chaptered before September 19, 1980, deletes or extends such date. In effect, this bill continues the exemption provided by Section 6371 indefinitely, until amended or repealed by the Legislature.



Senate Bill 1324—Chapter 1077—Sept. 26, 1980
Sales Tax Exemption for Gasohol

Added Section 6357.5 to the Sales and Use Tax Law to exempt from sales and use taxes until December 31, 1983, the amount of gross receipts from the sale of and storage, use, or other consumption of gasohol, which if subject to tax would result in a sales or use tax of five cents (\$.05) per gallon of gasohol on and after January 1, 1981, through December 31, 1981; four cents (\$.04) per gallon of gasohol on and after January 1, 1982, through December 31, 1982; and, three cents (\$.03) per gallon of gasohol sold on and after January 1, 1983, through December 31, 1983.

This act provides that for purposes of this exemption, "gasohol" means a motor vehicle fuel composed of a blend of motor gasoline and not less than 10 percent alcohol.

The alcohol component may be methanol or ethanol and must be distilled from agricultural commodities, renewable resources, or coal. It must also be rendered unsuitable for human consumption at the time of its manufacture.

This act also requires the Board to designate the color of gasohol.

The provisions of this law shall be automatically repealed on January 1, 1984, unless a later enacted statute chaptered before December 31, 1983, deletes or extends such date.

Senate Bill 1390—Chapter 1326—Sept. 30, 1980
Odd-Even Gasoline Rationing Repealed

Repealed on the effective date of this act the Regulations for California's Gasoline Emergency (i.e. odd-even gasoline rationing system) which was adopted by the Governor and filed with the Secretary of State on November 14, 1979.

Added Chapter 4.7 to the Public Resources Code to authorize a county to adopt various measures to achieve a monthly motor vehicle fuel conservation goal established by the state for such county. If a county fails to meet such goal for three consecutive months, the Governor may implement by executive order specified conservation measures applicable solely to such county.

This act also amended Section 6453 of the Sales and Use Tax Law to authorize the Board to require every retailer and fleet user of motor vehicle fuel to report to the Board the number of gallons of such fuel sold to a consumer, or in the case of a fleet user, consumed each month in each county. The Board is required to publish a summary of the information received on these reports by the last day of the month following the month in which the information is received. A copy of this summary must be transmitted to the chairperson of the Board of Supervisors of each county and to the Energy Resources and Development Commission which must determine monthly

whether each county has met the per capita monthly motor vehicle fuel use goal established pursuant to the provisions of this Act.

Senate Bill 1422—Chapter 285—June 30, 1980
Mobilehome Transactions Taxability Modified

Amended Sections 6006 and 6010 of the Sales and Use Tax Law to provide that "sale" and "purchase" do not include a lease of a mobilehome as defined in Sections 18008 and 18211 of the Health and Safety Code, other than a mobilehome originally sold new prior to July 1, 1980, and not subject to property taxation.

Amended Section 6012.8 and 6012.9 of the Sales and Use Tax Law to provide that the "gross receipts" from the sale, and the "sales price" of a new mobilehome sold or stored, used or otherwise consumed in this state shall be 75 percent of the sales price of the mobilehome to the retailer, if such mobilehome is sold for installation pursuant to the requirements of Section 18551 or 18613 of the Health and Safety Code for occupancy as a residence and is thereafter subject to property taxation. The gross receipts from subsequent sale of such mobilehome is thereafter exempt from sales and use taxes.

Also amended Section 6379 of the Sales and Use Tax Law to exempt from sales and use taxes the gross receipts from the sale of, storage, use or other consumption in this state of any used mobilehome, as defined in Sections 18008 and 18211 of the Health and Safety Code which is subject to property taxation.

Senate Bill 1474—Chapter 1246—September 29, 1980
Partial Exemption for Factory-Built Housing Reinstated

Added Section 6012.7 to the Sales and Use Tax Law to provide that the "gross receipts" from the sale, and the "sales price", of factory-built housing, sold, stored, used, or otherwise consumed in this state shall be 40 percent of the sales price of the factory-built housing to the consumer. In effect, this bill reinstates the partial exemption for sales of factory-built housing which was allowed to repeal on January 1, 1980, due to a sunset provision in the law.

Senate Bill 1576—Chapter 1248—Sept. 29, 1980
Organic Fuel Products Exempted from Sales Tax

Added Section 6358.1 to the Sales and Use Tax Law to exempt from sales and use taxes the gross receipts from the sale of, storage, use, or other consumption in this state of organic products grown expressly for fuel purposes, and waste byproducts from agricultural or forest products operations, municipal refuse, or manufacturing, which are delivered in bulk, and are used in an industrial facility as a fuel source in lieu of the use of either oil, natural gas or coal.



"Fuel purposes" includes burning or other consumption to generate heat, light or power. The term does not include use as a source of power for the propulsion of motor vehicles.

"Delivered in bulk" means delivered without packaging and in large quantity.

"Industrial facility" means a place at which the operator engages in commercial production and sale of goods. It includes manufacturing plants, electrical generating plants, and similar facilities.

The provisions of this law shall remain in effect until December 31, 1986, unless a later enacted statute chaptered before December 31, 1986, deletes or extends such date.

Senate Bill 1626—Chapter 228—June 25, 1980
Alcohol for Fuel Will Be Taxable Under Motor Vehicle Fuel License Tax Law

Added Section 7360 to the Motor Vehicle Fuel License Tax Law to provide that alcohol produced for use in or as a motor vehicle fuel shall be taxed as motor vehicle fuel under the Motor Vehicle Fuel License Tax Law and shall not be subject to taxes under the Alcoholic Beverage Tax Law.

Senate Bill 1771—Chapter 1068—Sept. 26, 1980
Some Leased Property Exempted from Sales Tax

Amended Section 6006 and 6010 of the Sales and Use Tax Law to exclude from the definition of "sales" and "purchase" tangible personal property leased in substantially the same form as acquired by a transferor or lessor, as to which the lessor or transferor acquired the property in a transaction that was a retail sale with respect to which the lessor or the transferor has paid use tax measured by the purchase price of the property.

This act eliminated from the previous law the provision that would require a lessor to pay both sales and use tax on tangible personal property purchased tax paid from a seller who fails to remit such tax to the state.

Senate Bill 2044—Chapter 1352—Sept. 30, 1980
"Fair Rental Value" Defined

Amended Sections 6094 and 6244 of the Sales and Use Tax Law to define "fair rental value", as it concerns leases of mobile transportation equipment, as rentals required by the purchaser under the lease except where the Board determines that such rentals are nominal, and to exclude any reimbursement payments made by the lessee to the purchaser for the use tax.



VII. TAX LITIGATION

PROPERTY TAXES

The Transshipment Exemption Discriminates Between Classes Of Interstate And Foreign Goods On The Basis Of Their Origin And Violates The Commerce Clause Of The United States Constitution.

The taxpayers were importers and distributors of goods manufactured outside of the United States. The plaintiffs claimed exemptions for property that had been manufactured outside of the United States, brought into the United States by the taxpayers, and stored in warehouses.

The court refused to equate the "transshipment" exemption language of Revenue and Taxation Code Sections 225 and 225.1 (now §§ 225 and 253.10) with the federal "in transit" exemption language (see *Minnesota v. Blasius* (1933) 290 U.S. 1, 9-10 [78 L. Ed. 131, 135-136, 54 S. Ct. 34]). Since the "transshipment" exemption was not limited to "goods that [have] a specific further destination" (*Minnesota v. Blasius*, supra, 290 U.S. 1, 9-10), the taxpayer's goods were held to be exempt under the provisions of Revenue and Taxation Code Sections 225 and 225.1 (now §§ 225 and 253.10).

The court, however, held that Revenue and Taxation Code Section 225 accorded different tax treatment to goods solely on the basis of their place of origin. For example, goods, whose place of origin is another state, which can be shown to have been brought to California for distribution to other states would *not* be exempt under Section 225. Thus, the state tax discriminates between classes of interstate and foreign goods and violates the commerce clause of the United States Constitution.

The court found no reasonable basis to assume that the Legislature would prefer to extend the exemption. In addition, any attempt to broaden judicially the exemption would violate the two-thirds of the Legislature requirement necessary to create exemptions. (Cal. Const. Art. XIII § 2.) The court consequently held that the exemption created by the statute is invalid. *Zee Toys, Inc. v. County of Los Angeles* (1978) 85 Cal. App. 3d 763; 149 Cal. Rptr. 750.

Vocational School Operated Pursuant To A Collective Bargaining Agreement Was Denied Welfare Status. Impact On General Community Is Determinative.

A construction industry vocational training school operated under a trust that was created by a labor union and construction industry employers, pursuant to a collective bargaining agreement. The trust claimed an exemption from real and personal property taxes under Revenue and Taxation Code § 214. The trust contended its training school operated for the benefit of the general community and thus qualified for the welfare exemption.

The trial court found no evidence that the school was organized to train the "hard-core unemployed." It concluded that the trust was intended to benefit its union and employer parties and not the community in general. On appeal, the court affirmed and noted that the school sought to 1) obtain jobs for graduates *exclusively* with employers who contributed to the school's support as a requirement of the collective bargaining agreement and 2) give priority in admission to members of the union. Thus, the school's impact on the general community was peripheral to the true beneficial purpose of the training and job placement activities performed. Since an exemption is not permitted where the property is used to benefit any owner, trustee, or other person in the more advantageous pursuit of their business or profession (Revenue and Taxation Code § 214(4)), the trust's claim for exemption was denied. *Alcoser v. County of San Diego* (1980) 111 Cal. App. 3d 907.

Invalidity Of Revenue And Taxation Code Section 202.1: Turf Grass Exemption.

Plaintiff claimed the "growing crops" exemption (Const. Art. XIII, § 3(h)) for a bluegrass blend of turf grass (Rev. & Tax. Code § 202.1). The legislative history of the constitutional provision showed that, at the time of its adoption, the prevailing definition of the term "growing crops" was limited to those crops which required an *annual* planting or sowing, or an annual harvesting. Exceptions to this definition were allowed for treating some perennials as annuals when climatic conditions or physical characteristics of a plant so mandated. Turf grass, a perennial, is harvested annually because of financial considerations.



The court held that the "growing crop" exemption must be construed according to the meaning it had when the constitutional amendment was adopted. The court determined that the Legislature could not expand the meaning of the amendment by subsequent legislation. Thus, Section 202.1 was found invalid as an excessive exercise of legislative authority. *Nunes Turfgrass, Inc. v. County of Kern* (1980) 111 Cal. App. 3d 855.

Enjoinment of State Possessory Interest Tax Collection On Military Personnel Residing In Government-Owned Housing.

The United States brought an action to enjoin the collection of state possessory interest taxes from military personnel residing in rent-free housing. The tax collection was made pursuant to California Constitution Article XIII, § 1 and Revenue and Taxation Code § 107.1. The United States Court of Appeals upheld the federal government's motion for summary judgment on two grounds.

Under state law, four elements have always been required to tax a possessory interest: "exclusiveness, independence, durability, and private benefit." (*Dressler v. County of Alpine* (1976) 64 Cal. App. 3d 557, 564, 134, California Reporter 554, 558.) The court found that the servicemen's interest in government supplied housing was not a "private benefit." To support its finding the court looked to the absence of rental payments and the exclusion of rental value from gross income for income tax purposes. In addition, the absence of "durability" was evident from the government's right to terminate the tenancy at will. This, the court concluded, made the interest a tenancy at sufferance and, therefore, less than a possessory interest. The tax was declared invalid and the collection of the tax was enjoined. *United States v. County of Humboldt*, Cal. (1980) 628 F. 2d 549.

Article XIII A Of The California Constitution Is Inapplicable To Property On The Unsecured Roll For The 1978-79 Tax Year.

A county board of supervisors sought declaratory and injunctive relief against the county auditor and tax collector. Plaintiffs alleged that taxes assessed on the unsecured roll for the 1978-79 tax year were within the coverage of California Constitution Article XIII A (Proposition 13) and sought to compel the tax collector to compute, bill, and collect taxes in accordance with the limitations of the constitutional provisions.

The controversy was rooted in the seemingly conflicting requirements that the tax on personal property shall not be higher than the tax on real property (California Constitution, Article XIII, § 2) and that the unsecured tax roll be taxed at the prior year's

secured rate (California Constitution, Article XIII, § 12). If Proposition 13's rate and valuation limitations were applied to the unsecured roll for the year Proposition 13 took effect (beginning tax year July 1, 1978), the constitutional provision requiring that the unsecured tax roll be taxed at the prior year's secured rate (California Constitution, Article XIII, § 12) would be violated.

The court held that if the board was to prevail in its contention that the 1 percent limitation applies to the 1978-79 unsecured roll, it can be only because California Constitution, Article XIII A repealed California Constitution, Article XIII, § 12. Since California Constitution, Article XIII A does not expressly repeal California Constitution, Article XIII, § 12 and "the law shuns repeals by implication," California Constitution, Article XIII A is inapplicable to property on the unsecured roll for the tax year 1978-79. *Board of Supervisors v. Lonergan* (1980) 2F Cal. 3d 855.

"Correction" of Assessor's Error Resulting In An Increased Assessment Is Not Authorized Unless Error Could Be Ascertained From Inspection of Designated Sources.

A mining company brought an action to recover property taxes paid under protest following a "correction" by the assessor of a final assessment roll. Former Revenue and Taxation Code § 4831 (a) provided the assessor with a mechanism for correcting clerical defects or errors that were discovered after the assessment roll had been completed and delivered to the auditor.

The correction procedure of Section 4831 (a) was reserved for errors of a clerical nature which did not involve the assessor's "judgment as to value." Moreover, the correction of even clerical errors pursuant to this procedure was proper only when it could be ascertained, from an inspection of certain designated sources, that such an error had occurred. (The Legislature designated these evidentiary limitations during the pendency of the appeal).

In the instant case, a 1974 computation of a property interest by a county appraiser reflected a capital allowance for the years 1974-77. The corporation's calculations, made in response to the county appraiser's computations, reflected an allowance for the years 1974-2003. The county appraiser adopted the corporation's calculations. Later, the county appraiser testified that he had misunderstood the corporation's calculations and assumed the corporation's allowances ended in 1978. The county assessor undertook to correct the appraiser's error (i.e., to confine the corporation's interest replacement capital allowances to the years 1974-78 and thus increase the fair market value of the interest).



The court stated that "a comparison of the documents . . . does not reveal any error on the assessment roll. Both calculations were accurate in every respect; they simply proceed from different premises regarding the amounts of replacement capital necessary to maintain projected income flows." (*United States Borax & Chemical Corp. v. Mitchell* (1980) 27 Cal. 2d 84, 94). While the assessment roll figure may have been the product of an unconscious mistake, what was intended by the assessor could not be determined from an inspection of the designated sources. The court did not reach the issue of proper characterization of the error. *United States Borax & Chemical Corp. v. Mitchell* (1980) 27 Cal. 3d 84.

SALES AND USE TAX

Purchaser Could Not Sue the Board for Refund of Sales Tax.

A purchaser brought an action against the State Board of Equalization seeking the recovery of sales taxes which it assertedly overpaid to its vendors who, in turn, overpaid the Board. The Board successfully moved for summary judgment on the ground that the purchaser was not the taxpayer and thus lacked standing to sue for refund of sales tax. On granting summary judgment, the trial court granted the purchaser leave to file an amended cross-complaint to bring itself within the rule of *Javor v. State Board of Equalization*, 12 Cal. 3d 790 (1974), which case declares a limited exception to the general rule prohibiting suits for tax reimbursement by anyone other than the taxpayer. The Board applied for extraordinary relief, challenging as an abuse of discretion the trial court's order denying its motion to strike the amended complaint and overruling its demurrer thereto.

The Court of Appeal issued a writ of mandate directing the trial court to vacate its order and to enter an order granting the relief sought. The court held that, because the purchaser did not lack a remedy, the exception to the general rule was inapplicable. The court further held that the amended complaint expressly alleged that several of the purchaser's vendors had pending administrative refund proceedings against the Board, and in the event the vendors were successful in those proceedings, any refund so obtained would be reachable by the purchaser. The court also held it was clear from the allegations in the purchaser's complaint that existing administrative remedies had not been exhausted, and that pending completion of those administrative proceedings, the trial court lacked jurisdiction. *State Board of Equalization v. Superior Court of Sacramento County*, 111 Cal. App. 3d 568 (1980).

Taxpayer Sold Tooling to Purchaser Even Though Legal Title Was Retained as Security.

Northrup entered into a contract with an airplane manufacturer to manufacture certain fuselage and wing fairing parts for model 747 airplanes during the course of which Northrup was required to use certain special designed tooling which it either fabricated or purchased. The Board assessed tax on Northrup's sale of the tooling and Northrup brought an action to recover the tax. The Court of Appeals held that there was a sale by Northrup of the tooling notwithstanding the fact that the contract provided for retention of legal title to the tooling by the seller as security for the purchaser price of the parts sold. The provisions of the sale agreement gave the buyer substantially absolute control over the use and disposition of the tooling, including an irrevocable power of attorney from the seller to execute in its name any documents appropriate to transfer of the tooling. *Northrup Corporation v. State Board of Equalization*, 110 Cal. App. 3d 132 (1980).

California Sales Tax Properly Imposed on Sales to National Banks.

The United States and a national banking association brought action complaining of imposition of California state and local sales taxes on sales of tangible personal property to national banks in the December 24, 1969 to December 31, 1972 bridge period covered by the 1969 temporary amendment to the federal statute governing taxation of national banks. At trial, summary judgment was granted the Board and plaintiffs appealed.

The Court of Appeals held that California's sales tax on sales of tangible personal property to national banks was a tax imposed by a state which did not impose a tax or an increased rate of tax, in lieu thereof within the meaning of P.L. 91-156, nor was the built-up rate of California's franchise tax on national banks imposed in lieu of the sales tax on sales of tangible personal property to a national bank and, thus, automatic imposition of the sales tax during the bridge period could not possibly result in unintended double taxation of national banks in violation of the amendment. *United States v. State Board of Equalization*, 639 F. 2d 458, cert. den. sub. nom. — U.S. — (1981).

Transmission Lines Are Improvements to Real Property; Taxpayer Liable for Tax, Not Interest, Even if Given Erroneous Advice by Board.

Taxpayer, a contractor, entered into a contract with the United States Government for the construction of a transmission line. The taxpayer did not pay tax on the above-ground materials under the erroneous belief that the materials were personal property



and were tax exempt sales to the United States as provided in Revenue and Taxation Code section 6381. Following a series of court cases which found that for sales and use tax purposes transmission lines in their entirety were improvements to real property, the Board redetermined the amount of tax owed by taxpayers plus interest. The taxpayers paid the full amount and filed an action for refund.

The Court of Appeals held that transmission lines and supporting installations are properly classified as improvements to real property and that taxpayers, as the users of the materials consumed in the performance of the contract to improve real property, were required to pay the use tax. The court further held that although the Board was not estopped from collecting the tax which was due and owing, even though the Board's representatives may have previously adopted an incorrect interpretation of the law, the collection of interest under such circumstances was inequitable and unjustifiable, thus allowing taxpayers to recover the amount paid as interest. *Fishbach & Moore, Inc. v. State Board of Equalization*, 117 Cal. App. 3d 627 (1981)

Transfer of Master Film Negatives Was a Sale of Tangible Personal Property

Plaintiff filed an action for a refund of sales tax paid on the transfer of film negatives and master recordings used to make audio visual materials for training medical personnel. The transfer was part of a sale by plaintiff of the segment of its business devoted to producing and marketing such materials through an exchange of the assets and name of its wholly owned subsidiary for common stock of, but less than a controlling interest in, the transferee's parent. The subsidiary dissolved after the exchange, and plaintiff assumed its liability.

Plaintiff contended that the transfer of certain master film negatives to be used for reproduction purposes involved the sale of intangible property; that the transfer was a sale for resale, since the masters were to be used to make copies for resale; and that the transfer was exempt as a merger. The trial court entered judgment in favor of the Board. The Supreme Court affirmed holding that the sale was a sale of tangible personal property; that the tax on the transfer was measurable by what plaintiff received for the property as a whole, without deduction for amounts paid for intellectual or other intangible components; that the sale was not a sale for resale, since the primary purpose of selling the film negatives and master recordings was to use them in manufacturing the final product rather than to incorporate them into that product; and that the transfer did not meet the requirements of a tax-free merger. *Simplicity Pattern Company v. State Board of Equalization*, 27 Cal. 3d 900 (1980)

INSURANCE TAX

California's Retaliatory Tax Provisions Violate Neither the Commerce Nor Equal Protection Clauses of the United States Constitution.

The taxpayer, an Ohio insurance company doing business in California, paid California retaliatory taxes during the years in question based on the difference between the higher Ohio insurance tax burden and California's lower burden (see Cal. Const. Art. XIII, § 28, subd. (f) (3) [formerly § 14 4/5, subd. (f) (3)]).

The Board denied the taxpayer's claim for refund but the Superior Court upheld it. However, the California Appellate Court reversed the Superior Court's decision and the California Supreme Court denied a request for hearing on the matter. Taxpayer then appealed the case to the United States Supreme Court arguing that California's retaliatory tax law violated both the Commerce and Equal Protection clauses of the United States Constitution.

The Supreme Court rejected the taxpayer's Commerce Clause attack on the ground that Congress, through enactment of the McCarran-Ferguson Act, intended to leave regulation and taxation of insurance companies to the states thereby removing any Commerce Clause restrictions on California's power to tax insurers.

The Court, likewise, rejected the taxpayer's Equal Protection Clause arguments finding that any discrimination between foreign and domestic insurers resulting from application of the California law bore a rational relation to a legitimate state purpose. The legitimate state purpose is to deter other states from imposing discriminatory or excessive taxes on California insurers. *The Western and Southern Life Insurance Company v. State Board of Equalization*, ____ US ____ (1981).

BANK AND CORPORATION TAXES

No State Tax Deduction for Foreign Tax on Receipts.

For 1967, taxpayer paid foreign taxes based on the gross amount of film rentals and record royalties paid to it by foreign licensees, and claimed deductions therefor under Revenue and Taxation Code section 24345. Section 24345 allowed taxes as a deduction except foreign taxes on or according to or measured by income or profits. The Franchise Tax Board disallowed the claimed deductions. The Franchise Tax Board took the position that "income" as used in section 24345 referred to "gross income" and thus the foreign taxes paid by taxpayer were nondeductible. The case was tried on stipulated facts and the trial court entered judgment in favor of the Franchise Tax Board.



The Court of Appeal affirmed. The court held that the claimed deductions were properly disallowed, since "income", as used in section 24345, meant gross income under general tax laws currently operating, and since, under general tax law, the film rentals and record royalties were gross income. A tax upon or measured by gross royalties and rents from personal property was thus a tax "on or measured by income" made nondeductible by section 24345. *MCA, Inc. v. Franchise Tax Board*, 115 Cal. App. 3d 185 (1981).

Foreign Divisions Properly Held Part of Single Company.

During the years in dispute taxpayer was engaged in the production and distribution of paperboard packaging materials and all but one of its twenty subsidiaries in Western Europe and Latin America were engaged in the paperboard packaging business. The Franchise Tax Board treated taxpayer, which was subject to corporate franchise taxes on its activities in California, and its foreign subsidiaries as a unitary enterprise and subjected its total income to

apportionment as "derived from or attributable to sources both within and without the state," within the meaning of former Revenue and Taxation Code section 25101. A trial resulted in judgment for the Franchise Tax Board.

The Court of Appeal affirmed. The court held that the record established the existence of the three unities necessary to a determination that a taxpayer's business is unitary in nature, i.e., unity of ownership, unity of operation as evidenced by central purchasing, accounting and management divisions, and unity of use in a centralized executive force and general system of operation. Though the court noted that some elements which normally exist in a unitary operation were lacking, it held the combination of all the factors and ties between the parent and the subsidiaries supported the Board's determination that the operation was unitary. The court rejected contentions that the unitary treatment constituted a denial of due process and that it placed an unconstitutional burden on foreign commerce. *Container Corporation of America v. Franchise Tax Board*, 117 Cal. App. 3d 988 (1981).



Tax Auditors Sharon Dickey and Larry Hopkin, Santa Rosa, discuss the Statistical Sampling course which Sharon will instruct.



District Principal Auditor Clint Ostrom, Sacramento, discusses audit findings with a taxpayer.



In the Pleasant Hill branch office, Tax Auditor Hugh Ramm reviews statistics compiled in the audit of a new car dealer.



Office Assistant Mimi Acosta maintains the Hollywood District's personnel records.

PICTURE THE STAFF

Board of Equalization employees at work around the state.



Supervising Tax Auditor Tom Sakai (right) explains a Sales Tax regulation to Tax Auditors Victor Waddel (left) and Hung Nguyen at San Mateo.



Supervising Tax Auditor Hannon Chan (left) and Business Taxes Representative Gus Pijma discuss a question of tax law in the San Mateo District office.



Program Technician Gracie Garcia, San Bernardino District office, interviews applicants for a seller's permit.



Program Technician Myrna Roedell prepares a seller's permit application for a taxpayer in the Merced branch office.



Program Technician Sanna Hunter, Santa Rosa, maintains records of the District's collection activities.



In the Hollywood District office, Business Taxes Representative Maywood Wong (left) provides training for new Tax Reps Dan Murillo (center) and David Maxwell.



Program Technician Laurie Cross, San Diego, interviews an applicant for a seller's permit.



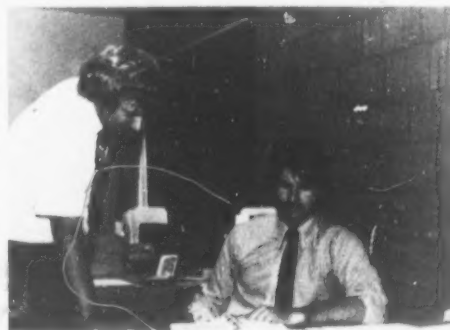
Compliance Supervisors Al Hall (left) and Mike Webber, Downey, discuss a difficult collection problem.



Tax Auditors Ray Sandoval (left) and Larry Rackley (center) discuss their audit findings with a taxpayer in the Downey office.



Office Assistant Jim Whipple is a jack-of-all-trades in the small Napa branch office.



Tax Auditors Gil Haas (left) and Scott Lambert of the Pleasant Hill branch office discuss Sales Tax regulations on prescription medicines.



Program Technician Betty Cessna, Hollywood, takes a taxpayer's application for a Sales Tax permit.



Office Assistant Bobbie Slack, Hollywood, uses a video terminal to verify account information for the audit control section.



Program Technician Agnes Reyes, Pasadena, takes information from a taxpayer applying for a Sales Tax permit.



Stenographer Lilly Zuniga, Downey, directs a taxpayer's call.



In the Orange County District, Tax Auditor Mike Fannon signs out on a field assignment while Audit Control Clerk Sheila Liddy answers a taxpayer's question.



San Francisco District Principal Auditor Ben Wong (left) shows Supervising Tax Auditor Bob O'Donnell a taxpayer's request for redetermination of findings.



Assistant Cashier Dorothy St. Clair, San Francisco, date stamps a payment from a taxpayer.



Before leaving on a field assignment in Nevada City, Business Taxes Representative Dick DeMers gets some account information from Program Technician Lois Jones.



Office Assistant Wendy Crawford directs the heavy volume of incoming calls received at the Inglewood District office.



Tax Auditor Marina Gurevich, Hollywood, conducts a routine closeout audit for a taxpayer who has shut down his business.



Business Taxes Representative Tam Yu, San Diego, pulls the file on a fuel tax account.



Tax Auditors Dave McKillip (left) and Rob Sayre, Sacramento, discuss an upcoming audit assignment.



In the West Los Angeles District office, a taxpayer's attorney (center) discusses a protested sales tax audit with District Principal Auditor Arthur Brown and Tax Auditor Doris Chiang.



Orange County Audit Supervisor Gerald Highland, surrounded by business taxes account files, has a full workload.



Mary Bright, secretary to the Inglewood District Principal Auditor, also performs audit control duties.



Secretary Lena Mullins (left) answers a taxpayer's question at the public counter in the Marysville office.



Business Taxes Compliance Supervisors Calvin North (seated) and Don Bennett of the San Bernardino office check cigarette wrappers for the proper tax stamps.



**BOARD
MEMBERS**

GEORGE R. REILLY
Vice Chairman
First District

ERNEST J. DRONENBURG, JR.
Chairman
Second District

WILLIAM M. BENNETT
Third District

RICHARD NEVINS
Fourth District

KENNETH CORY
State Controller

DOUGLAS D. BELL
Executive Secretary

STATISTICAL APPENDIX

**ANNUAL
REPORT
1980-1981**

**CALIFORNIA
STATE
BOARD OF
EQUALIZATION**

WHERE TO FIND IT

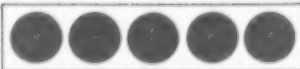
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TABLE 1—SUMMARY OF EXPENDITURES OF THE BOARD
For the period July 1, 1980 to June 30, 1981

Function 1	Expenditures 2	
	1979-80	1980-81
Personal services	\$60,324,314	\$71,420,742
Operating expenses and equipment:		
General expenses	1,681,855	1,928,619
Printing	1,042,006	1,001,986
Communications	730,736	616,623
Postage	842,199	901,221
Insurance	9,221	10,393
Travel—in-state	1,666,375	1,980,090
Travel—out-of-state	701,321	748,157
Training	65,341	77,901
Facilities—operation	2,917,157	3,306,731
Utilities	50,676	53,636
Consulting & Professional Services: Interdepartmental	3,350,140	3,602,789
Data Processing	1,152,977	1,158,357
Central Administrative Services	138,464	158,316
Equipment	287,140	274,418
TOTALS, Operating Expenses and Equipment	\$14,555,630	\$16,019,177
Totals, expenditures	\$75,179,948	\$87,439,919
Reimbursements:		
General Fund	16,512,011	17,812,310
Special Funds	4,271,566	4,603,552
Net expenditures	\$54,396,369	\$65,024,057

TABLE 2—SUMMARY OF REVENUES FROM ASSESSMENTS MADE BY THE BOARD,
BY FISCAL YEAR, 1970-71 TO 1980-81
(In thousands of dollars)

Revenue source	1970-71	1975-76	1979-80	1980-81
1	2	3	4	5
Local taxes on state-assessed properties ^a	\$492,727	\$559,600	\$342,316	\$362,505
Private car taxes ^a	4,148	7,753	4,504	8,301
Fuel taxes and fees:				
Motor vehicle fuel license taxes: ^b				
Gasoline tax	646,312	737,100	900,012	780,106
Jet fuel tax	345	474	988	891
Subtotals	646,557	737,574	901,000	780,997
Use fuel tax ^c	40,092	53,858	79,923	88,473
Fees	17	20	29	34
Subtotals	40,109	53,878	79,952	88,507
Fuel total	686,666	793,446	980,952	872,504
Sales and use taxes and fees: ^d				
State taxes	1,796,956	3,737,838	6,658,425	7,175,397
City and county sales taxes	440,345	784,176	1,383,386	1,487,949
County transportation tax	-	195,014	345,736	371,864
Bay Area Rapid Transit District taxes ^e	25,722	43,309	74,591	80,588
Southern California Rapid Transit District taxes ^f	37,326	169	218	51
Santa Clara County Transit District taxes ^g	-	-	41,890	45,702
Santa Cruz Metropolitan Transit District taxes ^h	-	-	4,489	4,887
Fees	186	228	365	409
Totals	2,300,534	4,760,758	8,509,090	9,166,847
Alcoholic beverage taxes: ⁱ				
Taxes on beer and wine	15,610	20,616	26,183	27,669
Taxes on distilled spirits	90,083	104,697	112,757	115,191
Totals	105,693	125,313	138,940	142,860
Cigarette tax ^{j,k}	239,195	266,610	260,043 ^o	278,161
Electrical Energy Tax ^l	-	13,260	19,022	23,817
Emergency Telephone Users' Surcharge ^m	-	-	15,142	15,760
Timber Yield Tax ⁿ	-	-	23,425	17,241
Timber Reserve Fund Tax ⁿ	-	-	367	857
Grand totals	\$3,828,963	\$6,528,730	\$10,223,901	\$10,888,853 ^l

^a Revenue shown represent those actually received during the indicated fiscal year. Local taxes extended on state-assessed properties include taxes on intangibles through 1967-68 and ad valorem special assessments collected by city and county officials.

^b Based on business done during the fiscal year, i.e. tax on gasoline distributed or on gross receipts of for-hire carriers. Includes tax, interest and penalties; refunds have not been deducted.

^c Revenues received during the fiscal year from self-assessments and on tax deficiencies, interest and penalties assessed by the Board and fees collected for the issuance of permits or their reinstatement. Refund claims certified to the Controller by the Board or credited against subsequent tax liabilities during the fiscal year are deducted.

^d This one-fourth of one percent tax became effective July 1, 1973. At the same time the state sales tax rate was reduced from 4 to 3% percent.

^e This one-half of one percent tax became effective April 1, 1970, in the counties of Alameda, Contra Costa, and San Francisco. The amounts shown for BARTD for the most recent two years include amounts collected for the Metropolitan Transportation Commission: \$80,385,210 for 1979-80 and \$88,346,184 for 1980-81, including interest. Effective January 1, 1978, 35 percent of the revenue collected under the Bay Area Rapid Transit District Sales Tax was earmarked for MTC which allocates it to the Alameda-Contra Costa Transit District, San Francisco Municipal Railway, and BART.

^f This one-half of one percent tax was effective from July 1, 1970 through December 31, 1970 in Los Angeles County.

^g This one-half of one percent tax became effective October 1, 1976, in Santa Clara County.

^h This one-half of one percent tax became effective January 1, 1979, in Santa Cruz County.

ⁱ Includes \$71,784,040 in 1970-71, \$90,583,000 in 1975-76, \$61,616,000 in 1979-80, and \$68,495,361 in 1980-81 earmarked for cities and counties.

^j Insurance taxes amounted to \$446,788,699 but are not shown above because most of the work involved is performed by the Insurance Commissioner.

^k This tax became effective January 1, 1978.

^l This tax became effective July 1, 1977.

^m This tax became effective April 1, 1977, but no revenue was due until 1977-78.

ⁿ Includes a one-time windfall of \$17,999,780 resulting from revisions in accounting procedures.

^o Revised.

NOTE: Large increases in revenue may be attributable to higher tax rates. Details on rate changes for the business taxes listed above are presented in the following pages of this appendix in the historical table for each tax program.

TABLE 3A—SUMMARY OF TOTAL COSTS OF PERFORMING BOARD FUNCTIONS, 1979-80 and 1980-81
(in thousands of dollars)

Programs I	Board expenditures ^a		Non-board expenditures ^b		Total costs	
	1979-80	1980-81	1979-80	1980-81	1979-80	1980-81
	2	3	4	5	6	7
Local Property Tax Monitoring	1,789	1,890	106	91	1,895	1,981
County assessment standards	2,239	2,603	119	126	2,357	2,729
State-assessed property ^c	3,116	3,453	103	169	3,219	3,622
Timber tax	1,166	1,312	-	-	1,166	1,312
Sales and use tax	61,025	71,871	2,349	3,093	63,374	74,964
Litter control tax	250	-	-	-	250	-
Alcoholic beverage tax	780	977	26	38	806	1,015
Cigarette tax	1,196	1,303	13	22	1,209	1,325
Motor vehicle fuel license tax ^d	436	455	-	-	436	455
Use fuel tax	2,319	2,720	-	-	2,319	2,720
Electrical energy tax	44	51	-	-	44	51
Emergency telephone users surcharge	56	66	-	-	56	66
Insurance tax	91	76	41	52	132	128
Appeals from other governmental programs	492	662	16	25	498	687
Administration and support						
Distributed to other programs ^e	(5,948)	(7,006)	-	-	(5,948)	(7,006)
Non-board programs (reimbursable)	191	231	-	-	191	231
Totals, programs	75,180	87,440	2,772	3,616	77,952	91,056
Reimbursements	-20,784	-22,416	-	-	-20,784	-22,416
Net totals, programs	54,396	65,024	2,772	3,616	57,168	68,640

^a Format conforms to Program Budget presentation.

^b Includes a portion of the cost of operating central agencies that perform services for the Board, such as offices of the Attorney General, the State Controller, and the State Personnel Board.

^c Includes the cost of assessing and collecting the private car tax.

^d Does not include the cost of administering gasoline tax refunds or collecting delinquent gasoline taxes which are functions of the Controller.

^e These administrative costs are already allocated to the above tax programs.

TABLE 3B—REVENUES AND RATIOS OF BOARD EXPENDITURES AND TOTAL COSTS TO REVENUES
FROM ASSESSMENTS MADE BY THE BOARD, 1979-80 AND 1980-81^a

Tax I	Revenues (in thousands)		Ratio of board expenditures to revenues (in percent)		Ratio of total costs to revenues (in percent)	
	1979-80	1980-81	1979-80	1980-81	1979-80	1980-81
	2	3	4	5	6	7
Local taxes on state-assessed property	\$346,820	\$370,805	90	93	93	96
Sales and use tax	8,509,060	9,166,647	72	78	74	82
Alcoholic beverage tax	138,940	142,860	86	68	58	71
Cigarette tax	260,043	278,161	41	47	42	46
Motor vehicle fuel taxes ^b	690,952	872,504	31	36	31	36
Electrical energy tax	19,082	33,817	83	21	23	21
Emergency telephone users' surcharge	15,142	18,760	37	42	37	42
Timber tax	23,792	16,086	4.90	7.25	4.90	7.25
Totals and ratios	\$10,223,801	\$10,886,653	74	80	76	84

^a Format conforms to Program Budget presentation.

^b Gasoline tax refunds have not been deducted from collections and the cost of making them is not included in expenditures.



TABLE 4—SUMMARY OF ASSESSED VALUES OF PROPERTY SUBJECT TO LOCAL GENERAL PROPERTY TAXES, ASSESSMENT RATIOS AND AVERAGE TAX RATES, 1971-72 to 1981-82^a
(Assessed values in millions of dollars)

Assessment agency and type of property	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82 ^f
1	2	3	4	5	6	7	8	9	10	11	12
County assessors:											
Land	22,113	23,499	24,544	26,854	29,020	32,233	36,245	37,137	43,335	52,199	238,495
Improvements	27,327	29,594	32,095	35,641	40,232	46,476	54,149	58,316	68,106	79,430	359,878
Totals	49,440	53,093	56,639	62,495	69,252	78,709	90,394	95,453	111,441	131,629	598,374
Tangible personal property	6,723	7,115	7,867	8,964	10,590	11,816	12,531	14,491	16,834	8,430	38,404
Gross tangible property totals	56,163	60,208	64,506	71,459	79,842	90,525	102,925	109,934 ^d	128,275	140,059	636,788
Exemptions:											
Homeowners' exemption	1,955	2,051	5,738	6,008	6,352	6,552	6,787	6,938	7,006	7,149	29,139
Business inventory exemption	1,057	1,124	1,920	2,549	3,094	3,454	3,606	4,203	4,957	"	"
All other exemptions ^b	1,871	1,977	1,638	1,977	2,191	2,388	2,696	2,806	2,865	3,184	14,553
Net tangible property totals ^c	54,298	58,231	62,668	69,482	77,651	88,137	100,289	107,130 ^d	125,280	136,674	622,215
Net of "all other exemptions" ^b	51,280	55,056	55,010	60,885	68,205	78,131	89,836	95,987 ^d	113,377	129,786	583,077
State Board of Equalization:											
Land	408	374	404	430	422	430	423	490	487	547	2,895
Improvements	2,332	2,410	2,495	2,483	2,994	2,893	3,431	6,001	6,545	6,911	30,430
Totals	2,740	2,784	2,870	2,913	3,016	3,323	3,854	6,491	7,033	7,458	33,325
Tangible personal property	1,753	1,777	1,740	1,904	2,085	2,257	2,611	461	408	407	2,387
Gross tangible property totals	4,493	4,561	4,610	4,818	5,041	5,580	6,465	6,952	7,441	7,865	35,713
Business inventory exemptions	2	2	3	8	13	23	37	48	51	"	"
Net tangible property totals	4,491	4,559	4,607	4,809	5,028	5,557	6,428	6,874	7,390	7,865	35,712
Totals all property:											
Land	22,522	23,872	24,948	27,284	29,442	32,663	36,668	37,598	43,822	52,746	241,281
Improvements	29,559	32,004	34,561	38,124	42,826	49,359	57,580	64,317	74,652	85,341	390,308
Totals	52,080	55,876	59,509	65,408	72,268	82,022	94,248	101,915	118,474	138,087	631,589
Tangible personal property	8,476	8,892	9,607	10,868	12,615	14,073	15,143	14,943	17,242	8,837	40,792
Gross tangible property totals	60,556	64,768	69,116	76,276	84,883	96,105	109,391	116,858 ^d	135,715	147,924	672,381
Net tangible property totals ^c	58,785	62,791	67,278	74,209	82,692	93,717	106,694	114,082 ^d	132,821	144,730	627,928
Net of "all other exemptions" ^b	55,771	59,614	59,617	65,693	73,233	83,687	96,264	102,892 ^d	120,787	137,570	608,789
Ratio of assessed to full value of locally assessed property (percent)	84.2	84.5	83.8	84.2	84.7	85.1	83.0	-	-	-	-
Statewide average tax rates (per \$100 assessed valuation)	\$11.43	\$11.35	\$11.15	\$11.24	\$11.33	\$11.19	\$10.68	\$4.79	\$4.69	\$4.63	-

^a Excludes assessments of railroads and for application of the State's private car tax (see Tables 17A and 17B) or assessments of motor vehicles for application of the "vehicle license fee", an ad valorem excise tax administered by the Department of Motor Vehicles and collected from owners of motor vehicles in lieu of general property tax.

^b "All other exemptions" include those for veterans, churches, colleges, schools below college grade, hospitals, and charitable properties.

^c Tax rates are set on assessed values which include the homeowners' exemption and exclude "all other exemptions" from the gross. Taxes are actually levied on values "net of all exemptions" and the State reimburses local governments for all of the tax loss attributable to the homeowners' exemption.

^d Does not include changes made after September 1979 to county-assessed 1978-79 roll values. The revised totals shown below reflect the changes made through April 1979. A revised breakdown by type of property is not available.

Revised 1978-79 totals in millions of dollars

	County assessors	Totals all property
Gross tangible property totals	115,880	119,548
Net tangible property totals	109,815	115,737
Net of "all other exemptions"	98,673	105,547

^e Business inventories became totally exempt effective on the 1980-81 property tax rolls and are no longer enrolled.

NOTE: Detail may not add to total because of rounding.

^f The ratio of assessed value to taxable value was changed to 100 percent (from 85 percent) beginning with the lien date for 1981-82.



TABLE 5—ASSESSED VALUE OF STATE- AND COUNTY-ASSESSED PROPERTY SUBJECT TO GENERAL PROPERTY TAXES, INCLUSIVE OF THE HOMEOWNERS' EXEMPTION, BY CLASS OF PROPERTY AND BY COUNTY, 1981-82^a
(In thousands of dollars)

County	Land	Improvements	Personal property ^b	Exemptions	Net total	Percent change year to year ^c
1	2	3	4	5	6	7
Alameda	810,978,087	814,388,088	81,790,818	8485,563	895,325,270	13.5
Alpine	48,070	82,014	3,953	241	96,796	14.5
Amador	361,530	402,504	71,904	4,404	781,564	9.7
Butte	1,570,744	2,204,629	945,259	74,708	3,685,256	13.5
Calaveras	368,373	502,176	27,211	5,670	866,990	17.6
Colum	479,640	254,189	95,492	7,915	821,908	16.0
Contra Costa	6,810,230	14,131,965	1,013,300	285,676	21,699,590	14.7
Del Norte	129,569	817,291	38,111	5,143	990,220	11.2
El Dorado	1,055,814	2,217,066	87,235	28,832	3,345,081	14.2
Fresno	8,303,605	8,797,490	1,165,646	287,580	14,956,751	13.1
Glenn	489,107	386,189	95,442	5,731	876,067	13.6
Humboldt	739,633	1,551,306	181,194	44,358	2,443,977	11.4
Imperial	906,300	882,088	214,566	30,077	1,944,789	10.8
Inyo	480,350	272,463	35,232	9,716	778,329	13.8
Kern	13,892,580	6,997,041	987,140	193,238	21,563,536	12.7
Kings	395,344	974,512	187,123	27,579	1,694,490	7.9
Lah	738,215	636,089	40,000	12,732	1,365,554	20.2
Lassen	220,335	281,006	49,700	5,480	525,990	16.0
Los Angeles	78,020,436	106,284,456	10,982,418	4,989,399	186,337,912	12.7
Madera	740,913	1,282,527	165,414	19,874	2,138,979	18.7
Marin	2,796,702	2,890,042	253,885	189,948	8,130,681	10.3
Mariposa	1,26,938	170,022	15,221	3,622	372,123	13.2
Mendocino	734,144	1,114,340	86,505	32,993	1,963,986	11.0
Merced	1,194,695	1,931,540	224,655	43,016	3,397,664	11.2
Modoc	314,786	129,363	31,436	1,827	374,532	8.2
Mon	273,017	473,988	86,597	961	773,251	23.3
Monterey	2,897,947	4,772,764	454,364	118,791	7,996,314	7.4
Napa	977,584	1,719,875	133,278	98,704	2,775,833	12.9
Nevada	64,166	1,185,630	79,738	15,437	1,894,317	20.4
Orange	24,282,733	24,114,700	3,900,810	728,251	61,883,488	10.7
Placer	1,364,580	2,805,556	178,364	40,283	4,333,590	17.1
Plumas	283,689	886,943	33,044	4,628	913,328	10.3
Riverside	6,987,581	12,123,319	741,982	284,044	19,498,819	15.6
Sacramento	4,453,085	12,425,080	784,370	263,989	17,319,549	12.7
San Benito	588,303	379,581	45,433	4,689	700,588	9.9
San Bernardino	5,409,910	15,280,197	990,002	223,808	21,135,303	16.3
San Diego	18,695,010	26,694,053	2,420,128	406,146	46,963,045	13.0
San Francisco	5,290,291	13,740,211	1,116,080	980,571	20,316,681	10.7
San Joaquin	2,656,441	5,651,419	724,123	224,906	8,777,078	12.2
San Luis Obispo	1,800,530	3,127,683	328,306	46,197	5,281,173	14.6
San Mateo	5,256,943	13,340,945	2,131,684	588,746	21,170,682	11.6
Santa Barbara	3,796,374	5,291,708	490,115	232,010	9,306,197	15.3
Santa Clara	10,267,816	24,041,681	4,618,996	1,415,654	37,812,399	15.3
Santa Cruz	1,914,973	3,153,211	253,651	199,300	5,218,536	13.6
Shasta	980,544	2,079,797	242,512	62,568	3,290,016	14.6
Sierra	72,362	82,880	8,903	1,025	143,123	11.5
Siskiyou	490,280	274,414	134,011	10,330	1,133,188	11.8
Solano	1,812,330	3,883,998	418,796	88,523	5,746,801	12.2
Stanislaus	3,630,079	5,204,189	373,198	113,432	9,198,573	20.7
Stearns	1,073,080	4,482,973	589,728	147,606	6,878,987	11.3
Sutter	733,767	947,199	126,730	23,345	1,714,419	10.5
Tehama	394,537	689,340	64,293	30,281	1,097,129	10.6
Trinity	192,169	125,421	28,520	1,741	328,409	10.0
Tulare	1,249,697	3,274,686	285,497	66,362	5,240,518	10.8
Tuolumne	395,324	973,840	23,161	14,874	1,100,467	12.1
Ventura	5,392,048	18,026,089	216,306	302,981	23,913,190	16.9
Yolo	1,009,018	1,864,080	287,501	46,523	3,070,689	12.1
Yuba	316,943	353,689	63,632	25,695	725,309	15.1
Totals	8541,380,585	2390,307,597	940,791,879	214,263,000	2097,287,201	13.5

^a The value of the homeowners' exemption, \$29,136,313,000, has been included in the valuations by type of property and excluded from exemptions because the rates are set on assessed values which include it.

^b Excludes railroad cars operated by private car companies, which were assessed at \$285,225,000 and are subject to exclusive state taxation.

^c The ratio of assessed value to taxable value was changed to 100 percent (from 85 percent) beginning with the lien date for 1981-82. The percent change was computed "after factoring the 1985-81 valuations to 100 percent of value".



TABLE 6—ASSESSED VALUE OF STATE-ASSESSED PROPERTY SUBJECT TO GENERAL PROPERTY TAXES, BY CLASS OF PROPERTY AND BY COUNTY, 1981-82

(In thousands of dollars)

County	Land	Improvements	Personal property ^b	Total	Percent change year to year ^a
1	2	3	4	5	6
Alameda	\$118,103	\$1,107,388	\$94,800	\$1,309,689	11.9
Alpine	3,390	6,711	4	10,065	3.3
Amador	5,353	108,928	6,382	114,663	1.9
Butte	9,909	280,579	9,047	309,535	5.2
Calaveras	2,954	39,481	934	63,379	8.5
Columbia	1,725	49,732	1,544	53,001	2.8
Contra Costa	118,459	1,111,207	298,287	1,511,953	17.1
Del Norte	378	16,988	487	17,773	8.2
El Dorado	4,194	145,607	9,199	159,000	13.1
Fresno	78,535	1,176,690	21,340	1,276,535	14.9
Glenn	3,175	58,573	930	62,678	7.7
Humboldt	4,872	175,596	10,952	191,410	0.1
Imperial	7,211	79,693	8,659	95,563	4.1
Inyo	8,119	45,394	1,446	54,959	11.7
Kern	52,770	798,676	26,399	877,845	11.2
Kings	3,585	113,436	2,198	119,219	5.8
Lake	3,818	95,714	214	99,746	10.5
Lassen	3,381	48,273	7,984	59,638	18.3
Los Angeles	1,119,225	6,553,152	312,595	8,084,972	18.0
Madera	25,031	186,558	3,881	215,470	12.4
Marin	17,344	229,508	2,888	249,740	9.4
Mariposa	256	23,140	941	23,337	14.1
Mendocino	7,344	108,490	1,228	117,070	17.8
Merced	8,291	179,680	3,668	191,639	5.9
Modoc	1,001	36,598	2,363	40,000	10.4
Mono	4,684	32,352	180	37,196	16.3
Monterey	23,773	545,680	123,731	693,184	8.6
Napa	3,137	99,055	1,120	103,312	7.1
Nevada	9,299	123,759	2,983	135,041	15.2
Orange	391,074	1,770,127	197,430	2,168,631	22.7
Placer	30,890	255,692	13,988	300,570	11.2
Plumas	32,898	248,635	4,940	286,473	5.5
Riverside	44,475	801,907	147,750	994,132	13.6
Sacramento	39,674	753,901	39,174	812,749	9.3
San Benito	1,474	80,027	388	81,890	2.1
San Bernardino	87,123	1,891,125	176,075	1,954,323	15.9
San Diego	103,830	3,292,600	211,333	3,577,763	16.7
San Francisco	101,846	1,098,494	94,490	1,294,830	2.7
San Joaquin	180,111	449,193	18,328	647,632	27.2
San Luis Obispo	15,167	1,094,979	111,369	1,221,515	8.9
San Mateo	78,390	544,796	10,538	633,724	6.3
Santa Barbara	108,226	300,360	8,158	416,744	23.2
Santa Clara	68,621	1,135,314	41,897	1,245,732	10.3
Santa Cruz	6,446	164,890	1,393	172,729	11.0
Shasta	39,136	458,914	11,583	509,633	5.4
Sierra	2,402	9,514	224	12,140	13.0
Siskiyou	9,340	105,516	15,449	131,305	1.3
Solano	15,778	259,063	6,084	280,925	9.8
Sonoma	7,831	492,754	10,505	511,090	13.9
Stanislaus	21,227	242,081	9,253	272,561	10.3
Sutter	3,282	85,200	1,938	90,420	5.2
Tehama	3,278	104,035	3,298	110,591	7.4
Trinity	790	26,490	465	27,745	4.0
Tulare	19,271	336,794	8,227	364,292	13.1
Tuolumne	3,271	81,607	6,328	91,206	7.7
Ventura	36,759	700,596	90,490	827,845	18.1
Yolo	30,707	153,140	4,982	188,829	11.5
Yuba	2,913	75,317	6,316	84,546	9.8
Totals	\$2,904,878	\$20,489,641	\$2,387,983	\$23,712,502	13.5

^a The ratio of assessed value to taxable value was changed to 100 percent (from 95 percent) beginning with the lien date for 1981-82. The percent change was computed "after factoring the 1980-81 valuation to 100 percent of value".

^b Excludes railroad cars operated by private car companies, which were assessed at \$985,235,000 and are subject to exclusive state taxation.



TABLE 7—ASSESSED VALUE OF COUNTY-ASSESSED PROPERTY SUBJECT TO GENERAL PROPERTY TAXES,
INCLUSIVE OF THE HOMEOWNERS' EXEMPTION, BY CLASS OF PROPERTY
AND BY COUNTY, 1981-82^a
(In thousands of dollars)

County	Land	Improvements	Personal property	Exemptions	Net total	Percent change year to year ^b
1	2	3	4	5	6	7
Alameda	\$10,859,984	\$13,274,643	\$1,706,618	\$825,663	\$25,015,582	13.6
Alpine	38,690	45,300	2,949	241	86,701	16.0
Amador	256,177	350,006	65,222	4,404	667,001	11.1
Butte	1,240,535	1,914,080	236,212	74,706	3,316,421	14.3
Calaveras	359,506	442,695	26,277	5,670	822,510	18.4
Colusa	478,117	204,467	93,938	7,913	768,607	17.1
Contra Costa	6,691,761	13,020,758	731,103	265,676	20,177,946	14.5
Del Norte	129,621	300,333	37,644	5,142	362,456	11.3
El Dorado	1,064,620	2,072,259	78,034	28,832	3,166,081	14.3
Fresno	5,125,368	7,250,890	1,174,308	287,960	13,592,516	11.8
Glenn	425,932	399,586	94,512	5,721	614,309	13.0
Humboldt	754,761	1,375,919	170,242	48,355	2,253,527	12.5
Imperial	860,991	802,405	205,907	20,077	1,849,226	10.5
Inyo	472,231	224,069	33,786	9,716	730,370	13.9
Kern	13,839,823	6,228,365	840,741	193,238	20,715,691	12.8
Kings	581,759	861,076	164,931	27,579	1,580,187	8.1
Lake	728,397	550,355	39,788	12,732	1,305,808	26.4
Lassen	216,952	212,823	41,836	5,460	466,131	15.7
Los Angeles	70,901,213	101,601,304	10,469,817	4,929,398	178,042,536	12.5
Madera	712,381	1,065,969	161,523	19,874	1,923,499	17.2
Marin	2,769,358	5,030,540	250,937	166,948	7,880,887	10.3
Mariposa	189,246	146,882	14,980	2,622	348,486	13.2
Mendocino	716,560	1,005,890	86,679	32,993	1,776,126	10.5
Merced	1,186,394	1,741,920	218,970	43,016	3,104,268	11.5
Modoc	213,739	92,835	26,053	1,027	331,640	7.9
Mono	268,333	441,246	26,467	951	735,085	23.7
Monterey	2,864,174	4,307,174	340,633	118,791	7,250,190	7.3
Napa	974,447	1,659,623	132,158	92,704	2,673,521	13.1
Nevada	754,967	1,032,071	76,775	15,437	1,848,331	20.8
Orange	24,121,689	32,344,663	3,712,380	725,851	59,452,851	16.5
Placer	1,363,703	2,550,144	164,396	45,223	4,033,080	17.6
Plumas	255,861	347,606	28,104	4,628	626,945	12.6
Riverside	6,883,086	11,321,412	594,232	324,044	18,474,666	17.0
Sacramento	4,436,411	11,672,162	745,196	353,969	16,499,800	12.9
San Benito	280,739	329,494	46,038	4,629	651,632	10.6
San Bernardino	5,322,787	13,569,032	812,327	523,806	19,180,940	16.4
San Diego	18,581,180	25,431,453	2,308,793	836,144	45,385,282	12.7
San Francisco	6,278,545	12,642,327	1,021,570	990,571	19,021,871	11.1
San Joaquin	2,498,330	5,202,225	705,799	256,906	8,149,447	11.2
San Luis Obispo	1,793,363	2,032,644	220,837	48,187	3,998,657	16.7
San Mateo	6,218,553	12,796,149	2,121,145	598,749	20,537,098	11.8
Santa Barbara	3,684,148	4,981,348	460,987	232,010	8,894,473	14.9
Santa Clara	10,505,125	22,903,347	4,576,699	1,415,654	36,569,517	15.5
Santa Cruz	1,908,527	2,988,351	252,258	109,303	5,036,813	13.9
Shasta	941,106	1,680,873	230,960	42,528	2,750,443	16.4
Sierra	69,980	53,369	8,679	1,025	130,983	11.4
Siskiyou	450,950	468,898	117,568	15,530	1,021,880	12.9
Solano	1,796,554	3,324,906	412,772	68,523	5,465,708	13.3
Sonoma	3,622,248	4,811,375	364,693	113,433	8,664,883	21.1
Stanislaus	1,960,495	4,220,822	380,475	147,696	6,404,096	11.4
Sutter	730,473	761,990	154,855	23,346	1,623,974	10.8
Tehama	391,262	584,214	61,308	20,251	956,533	11.0
Trinity	151,419	128,941	22,065	1,741	300,674	10.6
Tulare	1,530,336	3,037,922	377,280	66,262	4,879,276	10.7
Tuolumne	384,763	592,239	46,859	14,874	1,008,987	13.6
Ventura	5,355,290	9,305,811	725,896	302,861	15,084,066	17.1
Yolo	968,311	1,740,980	202,919	40,553	2,991,597	12.1
Yuba	314,030	478,312	77,316	28,896	840,763	15.7
Totals	\$238,486,007	\$359,878,356	\$38,403,966	\$14,553,060	\$622,215,289	13.6

^a The value of the homeowners' exemption, \$89,136,313,000 has been included in the valuations by type of property and excluded from exemptions because tax rates are set on assessed values which include it.

^b The ratio of assessed value to taxable value was changed to 100 percent (from 25 percent) beginning with the lien date for 1981-82. The percent change was computed "after factoring the 1980-81 valuations to 100 percent of value".



TABLE 8—NUMBER AND ASSESSED VALUE OF VETERANS', CHURCH, COLLEGE AND WELFARE EXEMPTIONS, 1981-82¹

(Assessed values in thousands of dollars)

County	Total exempt value ^a		Veterans' exemptions ^c		Church exemptions	
	Assessed value	As percent of tax base ^b	Number	Assessed value	Number	Assessed value
1	2	3	4	5	6	7
Alameda	\$825,667	3.1	313	\$9,607	595	\$102,810
Alpine	241	.2	1	55	1	34
Amador	4,404	.6	27	495	27	1,787
Butte	74,705	2.1	154	3,171	127	15,050
Calaveras	5,668	.6	32	396	45	2,950
Colusa	7,915	1.0	14	123	42	2,187
Contra Costa	265,662	1.2	236	8,060	397	91,366
Del Norte	5,137	1.4	33	239	26	3,472
El Dorado	28,850	.9	77	2,600	71	8,465
Fresno	297,982	2.0	295	5,603	678	92,350
Glenn	5,721	.7	16	288	60	4,909
Humboldt	48,368	2.0	97	1,530	192	14,412
Imperial	20,077	1.0	134	553	132	14,612
Inyo	9,716	1.2	15	117	44	4,362
Kern	192,808	.9	389	2,997	776	87,096
Kings ^d	27,579	1.6	58	877	140	10,574
Lake	13,745	1.0	93	1,034	84	4,066
Lassen	3,499	.7	41	359	51	3,119
Los Angeles ^d	4,929,396	2.6	2,286	51,760	3,837	890,692
Madera	19,897	.9	70	851	105	10,470
Marin	170,166	2.1	106	3,830	130	31,318
Mariposa	2,601	.7	31	444	21	714
Mendocino ^d	32,770	1.7	59	739	104	6,958
Merced	43,016	1.3	170	3,907	185	18,161
Modoc	1,027	.3	26	70	34	898
Mono ^d	952	.1	3	31	11	754
Monterey	118,791	1.5	245	8,680	183	29,361
Napa	92,704	3.3	48	1,382	90	20,896
Nevada ^d	15,437	.8	78	1,948	47	4,498
Orange ^d	725,616	1.2	660	25,064	472	135,113
Placer	45,223	1.0	95	2,102	147	18,197
Plumas	4,611	.5	17	369	38	3,003
Riverside	322,387	1.7	525	13,360	430	62,119
Sacramento ^d	353,651	2.1	521	15,740	745	110,378
San Benito	4,629	.7	11	277	20	2,096
San Bernardino ^d	523,806	2.5	901	13,798	766	125,136
San Diego	636,144	1.7	1,284	46,009	713	138,290
San Francisco	990,571	4.5	127	3,647	544	129,088
San Joaquin	256,908	2.9	152	4,168	391	49,114
San Luis Obispo	48,187	.9	88	1,793	197	25,697
San Mateo	597,403	2.8	165	6,143	257	73,540
Santa Barbara	232,010	2.5	157	5,350	209	48,946
Santa Clara	1,370,842	3.6	345	12,113	577	154,106
Santa Cruz ^d	112,663	2.2	89	2,685	192	27,691
Shasta ^d	42,290	1.3	113	2,745	125	14,143
Sierra	1,036	.7	26	135	13	457
Siskiyou	15,530	1.3	136	860	102	4,927
Solano	68,523	1.2	324	10,494	163	14,755
Sonoma	113,435	1.2	213	6,589	234	32,535
Stanislaus	146,813	2.2	150	2,625	349	62,514
Sutter	23,346	1.4	31	1,026	86	13,017
Tehama	30,247	1.9	68	635	72	5,629
Trinity	1,783	.5	24	149	19	1,229
Tulare ^d	66,262	1.3	140	1,802	450	32,921
Tuolumne	14,874	1.4	71	1,117	47	4,334
Ventura	302,861	1.9	198	7,283	302	67,151
Yolo	40,491	1.3	55	1,410	94	11,764
Yuba ^d	29,895	3.1	56	891	67	7,246
Totals	\$14,505,535	2.2	11,863	\$302,034	16,056	\$2,943,759

^a Includes all exempt values for which exemption claims are required except those arising from the homeowners' exemption law.

^b The tax base includes the values of the homeowners' exemption but excludes all other exemptions. Tax base is given in column 6 of Table 5.

^c Blind and disabled veterans included in these figures numbered 7,892 with an exempt value of \$201,154,000. Comparable figures for 1980-81 were 7,719 and \$279,973,000.



TABLE 8—NUMBER AND ASSESSED VALUE OF VETERANS', CHURCH, COLLEGE, AND WELFARE EXEMPTIONS, 1981-82—Concluded
(Assessed values in thousands of dollars)

County	College exemptions: private non-profit		Welfare exemptions					
			Schools below college grade: private non-profit		Hospitals: private non-profit		Other charitable properties *	
	Number	Assessed value	Number	Assessed value	Number	Assessed value	Number	Assessed value
8	9	10	11	12	13	14	15	16
Alameda	27	\$36,006	-	-	22	\$287,252	851	\$369,992
Alpine.....	-	-	-	-	-	-	2	152
Amador	-	-	-	-	-	-	29	2,122
Butte.....	-	-	2	2,596	4	37,209	73	16,677
Calaveras.....	-	-	1	202	-	-	15	2,120
Colusa.....	-	-	1	206	1	5,397	-	-
Contra Costa	4	23,764	67	34,751	8	67,875	384	39,846
Del Norte	-	-	3	835	-	-	8	591
El Dorado	-	-	3	850	2	9,778	78	7,157
Fresno	6	6,842	54	11,769	17	103,016	317	77,948
Glenn	-	-	-	-	-	-	11	524
Humboldt	-	-	14	5,255	5	14,294	119	12,877
Imperial.....	-	-	9	2,562	-	-	37	2,350
Inyo	1	2,770	12	173	-	-	33	2,294
Kern	-	-	85	8,991	27	65,593	194	28,141
Kings	-	-	4	2,554	2	8,187	24	5,254
Lake	-	-	2	259	1	3,016	42	5,381
Lassen	-	-	-	-	-	-	1	11
Los Angeles	74	881,348	352	270,202	119	1,530,957	2,723	1,374,439
Madera.....	-	-	4	334	2	5,980	35	2,262
Marin	18	30,964	76	28,333	2	23,246	311	52,477
Mariposa	-	-	7	354	-	-	15	1,089
Mendocino	4	563	22	2,694	2	8,907	160	12,678
Merced.....	-	-	12	3,156	2	12,550	40	5,342
Modoc	-	-	-	-	-	-	3	59
Mono	-	-	-	-	-	-	5	167
Monterey.....	11	2,707	22	17,705	5	24,787	152	35,571
Napa	7	21,110	21	11,198	6	29,362	47	8,754
Nevada	-	-	7	799	3	4,255	64	3,937
Orange	13	38,760	172	96,448	13	220,816	362	209,415
Placer	-	-	6	1,673	7	7,744	77	15,507
Plumas	-	-	1	165	-	-	14	1,044
Riverside	3	25,463	12	18,104	6	78,964	334	124,377
Sacramento	1	5,539	106	33,232	15	192,731	430	66,031
San Benito.....	-	-	8	1,301	-	-	7	985
San Bernardino	7	103,253	62	23,624	8	139,315	403	118,680
San Diego	12	50,388	138	67,665	24	208,487	804	325,305
San Francisco	60	91,231	226	113,846	83	293,303	774	289,456
San Joaquin.....	15	77,379	26	14,909	11	57,305	194	54,033
San Luis Obispo	1	21	22	3,873	-	-	86	16,803
San Mateo	9	189,114	71	60,284	4	101,825	362	166,497
Santa Barbara.....	4	13,602	40	36,627	5	54,593	86	72,892
Santa Clara	13	714,029	59	57,927	10	199,103	346	233,564
Santa Cruz	52	3,983	46	13,753	4	27,247	320	37,334
Shasta	-	-	24	5,288	1	15,741	46	4,373
Sierra	1	110	-	-	-	-	12	334
Siskiyou	-	-	-	-	4	5,624	35	4,119
Solano	-	-	50	11,975	9	23,985	36	7,304
Sonoma	-	-	22	16,575	7	21,344	247	36,392
Stanislaus.....	1	3	18	10,377	5	39,163	117	31,831
Sutter	-	-	15	1,679	3	6,488	19	1,136
Tehama	-	-	7	2,534	2	9,175	20	2,274
Trinity	-	-	3	187	-	-	14	221
Tulare.....	-	-	2	3,536	12	7,385	196	20,618
Tuolumne	1	11	1	130	2	6,068	26	3,194
Ventura	16	29,371	26	23,712	13	53,906	265	121,458
Yolo	-	-	14	2,419	2	16,294	114	8,604
Yuba	-	-	-	-	3	9,339	46	10,833
Totals	361	\$2,306,301	1,959	\$1,027,625	483	\$3,967,615	11,477	\$4,054,796

^d An additional exemption enacted by the legislature in 1975, Section 155.90 of the Revenue and Taxation Code, permits counties to exempt property having low full value. The statute allows the exemption where the tax proceeds are less than the costs of administration, up to a full value of less than \$1,500. Four counties adopted ordinances and exempted the following amounts on the 1981 rolls: Fresno, \$454,000; Kings, \$133,000; Mendocino, \$231,000; and Yuba, \$567,000. An additional eleven counties: Del Norte, Los Angeles, Mono, Nevada, Orange, Sacramento, San

Bernardino, Santa Cruz, Shasta, Solano, and Tulare have adopted ordinances and exempt low value properties by assigning them a taxable value of zero.

^e General welfare agencies, youth service agencies, orphanages, and religious properties other than churches.

^f The ratio of assessed value to taxable value was changed to 100 percent (from 25 percent) beginning with the lien date for 1961-62.



TABLE 9—GROSS ASSESSED VALUE OF STATE- AND COUNTY-ASSESSED PROPERTY, NUMBER OF HOME-OWNERS' EXEMPTIONS, EXEMPT VALUE BY TYPE OF EXEMPTION, AND NET ASSESSED VALUE SUBJECT TO GENERAL PROPERTY TAXES, 1981-82 ^{a,b}

(Assessed values in thousands of dollars)

County	Gross assessed value	Number of homeowners' exemptions	Exempt value			Taxable assessed value (net of all exemptions)
			Homeowners'	All other	Total	
1	2	3	4	5	6	7
Alameda	\$27,150,933	208,156	\$1,456,471	\$825,663	\$2,282,134	\$24,868,799
Alpine	97,037	156	1,105	241	1,346	95,691
Amador	786,068	4,866	33,982	4,404	38,386	747,682
Butte	3,700,662	30,747	213,753	74,706	288,459	3,412,203
Calaveras	891,759	5,357	37,375	5,670	43,045	848,714
Colusa	829,523	2,672	18,525	7,915	26,440	803,083
Contra Costa	21,955,575	151,551	1,059,620	265,676	1,325,296	20,630,279
Del Norte	385,371	3,601	24,902	5,142	29,944	355,427
El Dorado	3,373,913	18,055	126,207	28,832	155,039	3,218,874
Fresno	15,166,731	88,598	618,866	297,980	916,846	14,249,885
Glenn	882,708	4,393	30,563	5,721	36,284	846,424
Humboldt	2,492,332	20,912	145,619	48,355	194,174	2,298,158
Imperial	1,964,566	13,770	94,324	20,077	114,401	1,850,165
Inyo	788,045	2,902	19,326	9,716	29,042	759,003
Kern	21,756,774	71,629	499,787	193,238	693,025	21,063,749
Kings	1,726,979	11,984	82,612	27,579	110,191	1,616,788
Lake	1,406,286	9,896	68,285	12,732	81,017	1,325,269
Lassen	531,129	4,412	30,328	5,460	35,788	495,341
Los Angeles	191,267,310	1,154,780	8,074,716	4,929,398	13,004,114	178,263,196
Madera	2,158,853	11,495	79,735	19,874	99,609	2,059,244
Marin	8,300,569	48,433	339,036	169,948	508,984	7,791,585
Mariposa	374,745	2,317	16,049	2,622	18,671	356,074
Mendocino	1,926,989	13,023	91,081	32,963	124,074	1,802,915
Merced	3,340,880	22,363	155,688	43,016	198,704	3,142,176
Modoc	375,559	2,196	15,050	1,027	16,077	359,482
Mono	773,202	1,209	8,343	951	9,294	763,908
Monterey	8,105,105	42,990	300,738	118,791	419,529	7,685,576
Napa	2,869,537	19,352	135,396	92,704	228,100	2,641,437
Nevada	1,999,754	12,634	86,171	15,437	103,608	1,896,146
Orange	62,347,333	356,963	2,498,884	725,851	3,224,735	59,122,598
Placer	4,378,803	27,145	190,036	45,223	235,259	4,143,544
Plumas	917,956	4,062	28,278	4,628	32,906	885,050
Riverside	19,792,862	129,017	901,389	324,044	1,225,433	18,567,429
Sacramento	17,473,518	157,427	1,101,990	353,969	1,455,959	16,017,559
San Benito	708,157	4,083	28,571	4,689	33,260	674,897
San Bernardino	21,659,109	169,612	1,184,686	523,806	1,708,492	19,950,617
San Diego	49,799,189	309,639	2,167,065	836,144	3,003,209	46,795,980
San Francisco	21,237,252	96,112	672,278	980,571	1,652,849	19,584,403
San Joaquin	9,033,982	67,408	471,837	256,906	728,743	8,305,239
San Luis Obispo	5,269,339	27,488	192,127	48,187	240,314	5,029,025
San Mateo	21,769,572	123,986	867,906	598,749	1,466,657	20,302,915
Santa Barbara	9,537,197	49,561	346,931	232,010	578,941	8,958,256
Santa Clara	39,228,043	242,150	1,694,999	1,415,654	3,110,653	36,117,390
Santa Cruz	5,321,835	34,184	239,289	100,303	349,592	4,972,243
Shasta	3,302,544	23,465	163,425	42,538	205,963	3,096,581
Sierra	144,146	688	4,770	1,025	5,804	138,344
Siskiyou	1,168,715	9,330	64,301	15,530	79,831	1,088,884
Solano	5,815,124	45,422	317,765	68,523	386,288	5,428,836
Sonoma	9,309,406	60,607	424,203	113,433	537,636	8,771,770
Stanislaus	6,824,623	51,788	362,069	147,696	509,765	6,314,858
Sutter	1,737,756	10,170	71,139	23,346	94,485	1,643,271
Tehama	1,087,379	9,096	63,189	20,251	83,440	1,003,939
Trinity	330,150	2,574	17,745	1,741	19,486	310,664
Tulare	5,309,780	42,564	295,819	66,262	362,081	4,947,699
Tuolumne	1,115,341	7,632	53,181	14,874	67,995	1,047,346
Ventura	16,215,051	95,218	666,484	302,861	969,345	15,245,706
Yolo	3,110,979	19,027	122,790	40,553	163,343	2,947,636
Yuba	954,204	7,731	53,563	25,896	79,459	874,745
Totals	\$672,280,561	4,168,446	\$29,138,313	\$14,553,060	\$43,691,373	\$628,589,188

^a Business inventory exemptions, formerly shown in this table, are no longer available because inventories became totally exempt effective on the 1980-81 property tax rolls and are not enrolled.

^b The ratio of assessed value to taxable value was changed to 100 percent (from 85 percent) beginning with the lien date for 1981-82.



TABLE 10—NET^a STATE- AND COUNTY-ASSESSED VALUE OF PROPERTY SUBJECT TO GENERAL PROPERTY TAXES
ON THE SECURED AND UNSECURED ROLLS, BY COUNTY, 1981-82^c

(In thousands of dollars)

County	Secured valuations			Unsecured valuations (local only) ^b	Total assessed value
	State-assessed	Locally assessed	Total		
1	2	3	4	5	6
Alameda	\$1,309,688	\$22,781,330	\$24,091,018	\$2,234,232	\$26,325,270
Alpine	10,005	70,747	80,752	15,954	96,796
Amador	114,663	680,576	795,239	46,425	781,664
Butte	309,535	3,150,112	3,459,647	166,309	3,625,956
Calaveras	63,279	804,749	868,028	18,061	886,089
Colusa	53,001	719,624	772,625	48,983	821,608
Contra Costa	1,511,953	19,254,658	20,766,611	922,288	21,688,899
Del Norte	17,773	341,395	359,168	21,061	380,229
El Dorado	159,000	3,103,369	3,262,369	82,712	3,345,081
Fresno	1,276,235	12,670,190	13,946,425	922,326	14,868,751
Glenn	62,678	776,936	839,616	37,371	876,987
Humboldt	191,410	2,113,624	2,305,034	138,943	2,443,977
Imperial	95,563	1,666,429	1,761,992	180,797	1,944,789
Inyo	57,969	678,227	736,196	42,143	778,339
Kern	847,845	19,890,960	20,738,805	824,731	21,563,536
Kings	119,213	1,490,780	1,609,993	89,407	1,699,400
Lake	89,746	1,165,415	1,255,161	140,393	1,395,554
Lassen	59,518	436,818	496,336	27,333	523,669
Los Angeles	8,294,976	165,238,109	173,533,085	12,804,827	186,337,912
Madera	215,480	1,834,521	2,050,001	88,978	2,138,979
Marin	249,734	7,519,846	7,769,580	361,041	8,130,621
Mariposa	23,637	312,601	336,238	35,885	372,123
Mendocino	117,870	1,710,359	1,828,229	65,767	1,893,996
Merced	193,596	2,940,016	3,133,612	164,252	3,297,864
Modoc	42,892	318,341	361,233	13,299	374,532
Mono	37,156	680,587	717,743	54,508	772,251
Monterey	693,124	6,890,225	7,573,349	412,965	7,986,314
Napa	103,312	2,590,677	2,693,989	92,844	2,786,833
Nevada	136,001	1,786,630	1,922,631	61,686	1,984,317
Orange	2,168,631	54,621,707	56,790,338	4,831,144	61,621,482
Placer	300,560	3,871,875	4,172,435	161,145	4,333,580
Plumas	286,363	594,668	881,035	32,263	913,298
Riverside	994,132	17,829,268	18,823,500	645,318	19,468,818
Sacramento	819,749	15,680,290	16,440,039	879,510	17,319,549
San Benito	51,896	612,946	664,842	38,686	703,528
San Bernardino	1,954,263	18,202,943	20,157,206	977,997	21,135,203
San Diego	3,577,763	43,508,166	47,085,929	1,880,113	48,966,045
San Francisco	1,294,810	17,447,100	18,741,910	1,574,771	20,316,681
San Joaquin	627,629	7,650,979	8,278,608	498,466	8,777,074
San Luis Obispo	1,222,515	3,850,154	5,072,669	148,503	5,221,172
San Mateo	633,725	17,983,258	18,616,983	2,553,840	21,170,823
Santa Barbara	410,714	8,259,252	8,669,966	635,221	9,305,187
Santa Clara	1,242,872	32,993,444	34,236,316	3,576,073	37,812,389
Santa Cruz	175,719	4,832,784	5,008,503	204,029	5,212,532
Shasta	509,573	2,596,686	3,106,271	153,745	3,260,016
Sierra	12,140	114,492	126,632	16,491	143,123
Siskiyou	131,305	946,211	1,077,516	75,669	1,153,185
Solano	280,893	5,207,756	5,488,649	237,952	5,746,601
Sonoma	511,000	8,254,745	8,775,835	430,138	9,195,973
Stanislaus	272,831	6,063,876	6,336,707	340,220	6,676,927
Sutter	90,436	1,528,583	1,619,021	95,389	1,714,410
Tehama	110,595	980,986	1,091,581	35,547	1,127,128
Trinity	27,735	273,442	301,177	27,232	328,409
Tulare	364,242	4,390,647	4,754,889	288,439	5,043,328
Tuolumne	91,480	958,951	1,050,431	50,036	1,100,467
Ventura	829,124	14,188,434	15,017,558	896,632	15,914,190
Yolo	178,889	2,677,699	2,856,588	213,866	3,070,454
Yuba	84,546	788,194	872,740	52,569	925,309
Totals	\$35,712,212	\$580,538,720	\$616,250,932	\$41,876,569	\$658,127,501

^a Includes the value of the homeowners' exemption but excludes "all other" exemptions.

^b All state-assessed property is on the secured roll.

^c The ratio of assessed value to taxable value was changed to 100 percent (from 85 percent) beginning with the lien date for 1981-82.



TABLE 11—ASSESSED VALUE^a OF STATE- AND COUNTY-ASSESSED PROPERTY SUBJECT TO GENERAL PROPERTY TAXES
INCLUSIVE OF THE HOMEOWNERS' EXEMPTION, BY INCORPORATED CITIES, 1981-82^b
(In thousands of dollars)

City	Assessed value		City	Assessed value		City	Assessed value	
	State	Local		State	Local		State	Local
1	2	3	1	2	3	1	2	3
Adelanto.....	7,368	33,410	Cerritos.....	44,942	1,506,855	Fillmore.....	5,188	118,627
Alameda.....	40,784	1,331,969	Chico.....	47,597	587,441	Firebaugh.....	2,986	41,254
Albany.....	18,251	292,227	Chino.....	31,450	607,439	Folsom.....	14,044	291,730
Alhambra.....	107,062	1,193,672	Chowchilla.....	4,714	70,782	Fontana.....	33,893	630,300
Alturas.....	4,585	43,077	Chula Vista.....	241,475	1,547,345	Fort Bragg.....	6,622	135,177
Amador.....	230	3,273	Claremont.....	30,578	590,535	Fort Jones.....	1,977	7,777
Anaheim.....	283,064	6,140,185	Clayton.....	3,503	124,961	Fortuna.....	5,858	130,751
Anderson.....	7,374	105,802	Clear Lake.....	9,569	164,461	Foster City.....	10,255	863,364
Angels.....	4,400	34,223	Cloverdale.....	3,562	62,014	Fountain Valley.....	25,785	1,306,525
Antioch.....	32,265	814,231	Clovis.....	27,125	672,889	Fowler.....	3,851	38,281
Arcadia.....	30,964	1,429,347	Coachella.....	6,278	97,674	Fremont.....	117,734	3,274,305
Arcata.....	11,550	206,092	Coalinga.....	3,971	83,892	Fresno.....	264,122	4,834,623
Arroyo Grande.....	9,750	229,515	Colfax.....	3,252	21,470	Fullerton.....	84,927	2,900,496
Artesia.....	25,842	219,926	Coloma.....	2,977	48,094	Galt.....	3,186	66,637
Arvin.....	2,836	45,314	Colton.....	36,493	369,037	Gardena.....	25,411	946,238
Atascadero.....	14,594	363,874	Cohama.....	5,555	62,547	Garden Grove.....	77,578	2,338,566
Atherton.....	8,492	478,282	Commerce.....	154,565	1,115,564	Gilroy.....	16,644	471,065
Atwater.....	10,120	197,367	Compton.....	80,266	844,633	Glendale.....	83,491	3,511,964
Auburn.....	23,317	201,458	Concord.....	125,339	2,595,796	Glendora.....	25,943	786,446
Avalon.....	3,028	96,433	Corcoran.....	3,741	62,267	Gonzales.....	2,487	45,083
Avenal.....	11,671	34,682	Corning.....	4,772	71,825	Grand Terrace.....	39,224	159,610
Azusa.....	17,443	574,452	Corona.....	43,377	896,492	Grass Valley.....	12,132	137,893
Bakersfield.....	144,926	2,477,133	Coronado.....	16,816	704,790	Greenfield.....	1,899	41,113
Baldwin Park.....	32,994	531,337	Corte Madera.....	5,740	285,959	Gridley.....	3,515	57,821
Banning.....	11,518	204,276	Costa Mesa.....	60,218	2,545,579	Grover City.....	3,879	144,097
Barstow.....	62,016	223,147	Cotati.....	2,986	80,472	Guadalupe.....	2,399	26,072
Beaumont.....	9,552	109,735	Covina.....	54,121	826,097	Gustine.....	2,232	55,267
Bell.....	21,974	265,729	Crescent City.....	5,974	74,025	Half Moon Bay.....	7,494	217,794
Bellflower.....	42,805	763,472	Cudahy.....	3,778	119,964	Hanford.....	21,095	351,619
Bell Gardens.....	23,196	230,424	Culver City.....	65,567	1,468,292	Hawaiian Gardens.....	4,338	122,411
Belmont.....	11,716	753,196	Cupertino.....	25,142	1,410,533	Hawthorne.....	62,497	1,373,490
Belvedere.....	2,277	173,168	Cypress.....	136,992	862,560	Hayward.....	127,068	2,316,848
Benicie.....	14,690	753,860	Daly City.....	47,201	1,449,533	Healdsburg.....	8,469	190,080
Berkeley.....	72,577	2,020,688	Davis.....	27,454	735,196	Hemet.....	33,772	504,706
Beverly Hills.....	80,132	3,135,395	Delano.....	10,712	148,051	Hercules.....	36,330	220,737
Big Bear.....	10,041	390,476	Del Mar.....	4,855	217,761	Hermosa Beach.....	23,874	587,611
Biggs.....	1,173	15,196	Del Rey Oaks.....	1,143	32,605	Hidden Hills.....	1,066	106,344
Bishop.....	9,664	97,063	Desert Hot Springs.....	9,030	178,252	Hillsborough.....	8,985	840,877
Blue Lake.....	1,122	13,249	Dinuba.....	6,346	116,709	Hollister.....	9,193	204,575
Blythe.....	12,408	97,157	Dixon.....	6,283	136,998	Holtville.....	2,177	43,175
Bradbury.....	449	40,851	Dorris.....	1,856	8,027	Hughson.....	1,664	34,310
Brawley.....	6,234	161,653	Doe Paloe.....	2,874	37,385	Huntington Beach.....	322,527	4,899,767
Brea.....	23,968	1,172,880	Downey.....	76,011	1,676,895	Huntington Park.....	44,528	431,450
Brentwood.....	4,785	64,303	Duarte.....	5,027	322,018	Huron.....	1,585	30,350
Brisbane.....	40,546	100,770	Dunsmuir.....	3,381	28,499	Imperial.....	2,573	42,089
Buena Park.....	71,234	1,573,625	El Cajon.....	57,318	1,618,980	Imperial Beach.....	12,308	270,035
Burbank.....	63,214	2,875,364	El Centro.....	17,894	337,244	Indian Wells.....	4,658	408,216
Burlingame.....	58,162	1,180,234	El Cerrito.....	16,404	466,587	Indio.....	28,205	429,858
Calerico.....	5,367	142,854	El Monte.....	62,084	1,072,476	Industry.....	63,026	1,143,783
California City.....	4,040	152,733	El Segundo.....	186,800	2,385,016	Ingewood.....	58,190	1,403,084
Calipatria.....	1,669	19,802	Emeryville.....	31,028	386,154	Ione.....	2,128	19,583
Calistoga.....	3,374	73,218	Escalon.....	2,832	56,491	Irvine.....	127,217	4,299,415
Camarillo.....	30,748	1,206,524	Escondido.....	69,185	1,480,398	Irwindale.....	21,870	373,671
Campbell.....	16,835	812,111	Etna.....	829	8,622	Isleton.....	1,436	8,383
Capitola.....	11,047	249,858	Eureka.....	32,519	461,360	Jackson.....	4,878	49,018
Carlsbad.....	277,069	1,460,546	Exeter.....	6,106	84,899	Kerman.....	2,692	58,702
Carmel.....	7,380	290,232	Fairfax.....	3,217	192,989	King City.....	4,792	101,445
Carpinteria.....	11,620	272,384	Fairfield.....	51,105	1,162,565	Kingsburg.....	3,614	91,812
Carson.....	66,241	2,815,117	Farmersville.....	2,287	41,920	La Canada Flintridge.....	30,250	679,362
Ceres.....	10,515	340,864	Ferndale.....	1,890	19,996	Lafayette.....	19,280	829,844
						Laguna Beach.....	19,588	905,436
						La Habra.....	37,096	978,529
						La Habra Heights.....	8,216	300,304



TABLE 11—ASSESSED VALUE * OF STATE- AND COUNTY-ASSESSED PROPERTY SUBJECT TO GENERAL PROPERTY TAXES
INCLUSIVE OF THE HOMEOWNERS' EXEMPTION, BY INCORPORATED CITIES, 1981-82—Continued ^b
(In thousands of dollars)

Assessed value			Assessed value			Assessed value		
City	State	Local	City	State	Local	City	State	Local
1	2	3	1	2	3	1	2	3
Lake Elsinore	10,688	160,370	National City	43,778	604,477	Rialto	51,417	618,996
Lakeport	8,595	92,389	Needles	10,394	52,809	Richmond	103,205	1,939,473
Lakewood	36,986	1,267,198	Nevada City	3,459	54,710	Ridgecrest	17,981	272,518
La Mesa	49,058	1,073,852	Newark	81,366	733,449	Rio Dell	1,499	26,124
La Mirada	30,727	966,367	Newman	3,342	40,389	Rio Vista	4,194	70,296
Lancaster	44,686	886,313	Newport Beach	52,977	4,556,618	Ripon	2,772	103,962
La Palma	7,337	360,676	Norco	11,074	361,907	Riverbank	4,196	107,695
La Puente	37,644	314,993	Norwalk	71,458	1,062,990	Riverside	112,037	3,370,731
Larkspur	14,476	447,873	Novato	40,301	1,192,729	Rocklin	14,973	218,089
La Verne	19,380	521,700	Oakdale	7,595	215,819	Rohnert Park	18,443	551,575
Lawndale	9,216	350,013	Oakland	542,988	6,697,922	Rolling Hills	2,108	177,327
Lemon Grove	14,586	328,093	Oceanside	77,599	1,812,127	Rolling Hills Estates	4,469	470,318
Lemoore	4,970	149,132	Ojai	7,370	185,331	Rosemead	96,764	544,223
Lincoln	4,825	67,092	Ontario	129,986	1,827,279	Roseville	50,903	601,664
Lindsay	6,511	103,330	Orange	127,902	2,611,163	Ross	1,928	134,386
Live Oak	2,828	29,764	Orange Cove	1,549	29,361	Sacramento	364,313	5,697,958
Livermore	38,600	973,439	Orland	4,463	69,845	St. Helena	6,142	170,562
Livingston	3,352	76,640	Oroville	19,385	213,906	Salinas	78,114	1,454,612
Lodi	25,014	788,536	Oxnard	351,007	2,072,833	San Anselmo	6,066	380,986
Loma Linda	11,679	227,435	Pacifica	21,300	713,994	San Bernardino	218,283	1,949,662
Lomita	18,084	381,798	Pacific Grove	7,563	351,019	San Bruno	46,992	607,972
Lompoc	12,154	373,225	Palmdale	24,146	463,319	San Carlos	25,683	1,097,318
Long Beach	787,030	9,126,893	Palm Desert	24,198	962,816	San Clemente	28,006	1,031,630
Los Alamitos	9,530	287,787	Palm Springs	66,087	2,131,241	Sand City	546	18,835
Los Altos	18,439	949,805	Palo Alto	84,704	2,593,835	San Diego	983,312	21,178,486
Los Altos Hills	6,087	384,151	Palos Verdes Estates	10,690	811,921	San Dimas	27,989	595,489
Los Angeles	2,636,505	70,238,683	Paradise	17,061	415,930	San Fernando	25,966	277,372
Los Banos	8,277	179,530	Paramount	34,897	574,269	San Francisco	1,294,810	19,021,871
Los Gatos	30,476	932,455	Parlier	1,810	17,917	San Gabriel	23,065	542,173
Loyalton	774	9,663	Pasadena	114,646	2,942,746	Sanger	7,871	171,728
Lynwood	14,100	489,540	Paso Robles	12,155	231,604	San Jacinto	5,932	98,725
Madera	17,726	310,570	Patterson	3,450	61,589	San Joaquin	1,143	11,925
Manhattan Beach	19,245	1,280,397	Perris	23,979	110,349	San Jose	560,911	14,758,446
Manteca	17,236	420,821	Petaluma	26,219	735,636	San Juan Bautista	1,284	19,739
Maricopa	747	5,555	Pico Rivera	42,987	765,417	San Juan Capistrano	95,045	698,723
Merina	8,552	213,629	Piedmont	4,213	392,801	San Leandro	112,308	2,080,812
Martinez	56,940	661,782	Pinole	9,131	298,375	San Luis Obispo	43,561	894,977
Marysville	30,193	303,230	Pismo Beach	4,749	173,190	San Marcos	22,144	873,726
Maywood	3,345	150,758	Pittsburg	28,199	602,611	San Marino	6,325	599,899
McFarland	2,740	33,883	Placentia	30,479	828,049	San Mateo	78,387	2,624,989
Mendota	2,405	37,445	Placerville	14,974	187,765	San Pablo	10,159	222,151
Menlo Park	32,210	1,261,861	Pleasant Hill	22,383	715,782	San Rafael	74,803	1,638,707
Merced	37,838	676,737	Pleasanton	27,082	1,001,051	Santa Ana	199,507	4,564,292
Millbrae	20,634	624,292	Plymouth	1,054	6,601	Santa Barbara	80,124	2,339,062
Mill Valley	16,009	494,389	Point Arena	1,089	6,687	Santa Clara	107,042	3,377,189
Milpitas	37,388	939,701	Pomona	110,443	1,486,516	Santa Cruz	37,999	1,087,756
Modesto	93,500	2,433,615	Porterville	18,690	353,151	Santa Fe Springs	50,303	1,277,519
Monrovia	31,769	609,508	Port Hueneme	13,035	338,934	Santa Maria	33,546	891,093
Montague	1,859	13,958	Portola	4,063	29,003	Santa Monica	154,130	3,405,014
Montclair	13,965	430,564	Portola Valley	3,650	232,653	Santa Paula	12,452	296,031
Monte Sereno	1,692	137,186	Poway	25,519	887,974	Santa Rosa	123,708	2,800,620
Montebello	123,705	990,888	Rancho Cucamonga	180,684	1,492,836	Santee	26,101	677,677
Monterey	42,712	819,336	Rancho Mirage	14,716	962,556	Saratoga	19,570	1,042,253
Monterey Park	45,180	1,141,951	Rancho Palos Verdes	33,539	1,458,410	Sausalito	8,026	443,580
Moraga	10,705	494,514	Red Bluff	13,798	165,951	Scotts Valley	8,334	210,638
Morgan Hill	17,977	485,599	Redding	60,730	1,030,010	Seas Beach	35,804	774,850
Morro Bay	161,542	247,127	Redlands	54,846	919,148	Seaside	13,063	284,372
Mountain View	55,716	1,893,439	Redondo Beach	244,716	1,894,102	Sebastopol	6,296	143,999
Mount Shasta	3,693	85,537	Redwood City	65,632	1,677,513	Selma	9,187	142,983
Napa	48,282	1,053,083	Reedley	10,975	166,538	Shafter	4,263	64,801



TABLE 11—ASSESSED VALUE * OF STATE- AND COUNTY-ASSESSED PROPERTY SUBJECT TO GENERAL PROPERTY TAXES INCLUSIVE OF THE HOMEOWNERS' EXEMPTION, BY INCORPORATED CITIES, 1981-82—Concluded ^b
(In thousands of dollars)

City	Assessed value		City	Assessed value		City	Assessed value	
	State	Local		State	Local		State	Local
1	2	3	1	2	3	1	2	3
Sierra Madre	7,505	227,799	Thousand Oaks	79,350	2,976,430	Walnut Creek	68,982	2,165,802
Signal Hill	10,755	507,603	Tiburon	6,679	362,762	Wasco	5,170	78,968
Simi Valley	51,639	1,746,378	Torrance	143,135	4,434,014	Waterford	1,950	39,151
Soledad	3,991	33,224	Tracy	16,793	400,705	Watsonville	20,911	429,790
Sonoma	4,406	182,457	Trinidad	761	11,818	Weed	2,867	31,160
Sonoma	9,518	82,762	Tulare	24,439	392,310	West Covina	31,788	1,688,477
South El Monte	7,491	336,174	Tulelake	971	8,593	Westminster	69,963	1,361,615
South Gate	37,061	1,076,113	Turlock	20,516	548,316	Westmorland	222	7,647
South Lake Tahoe	20,603	903,042	Tustin	20,799	1,149,843	Wheatland	1,427	15,093
South Pasadena	14,809	544,135	Ukiah	15,366	251,549	Whittier	74,052	1,502,047
South San Francisco	42,834	1,837,346	Union City	33,807	888,752	Williams	1,572	22,416
Stanton	27,812	403,257	Upland	48,433	1,074,432	Willits	6,124	89,482
Stockton	162,306	3,027,905	Vacaville	27,640	849,398	Willows	5,877	68,785
Suisun	5,432	198,297	Vallejo	50,645	1,221,056	Winters	2,284	38,056
Sunnyvale	108,051	3,874,964	San Buenaventura	77,606	1,990,185	Woodlake	2,909	34,045
Susanville	10,191	106,629	Vernon	49,475	1,159,408	Woodland	22,370	592,919
Sutter Creek	2,196	32,759	Victorville	44,985	330,344	Woodside	7,389	358,896
Taft	9,400	71,243	Villa Park	3,643	245,765	Yorba Linda	25,194	697,372
Tehachapi	4,634	50,357	Visalia	65,039	1,144,599	Yountville	1,802	34,093
Tehama	362	4,866	Vista	34,921	801,716	Yreka	10,309	150,959
Temple City	11,767	530,053	Walnut	19,982	296,273	Yuba City	22,578	409,187
						Grand totals	\$21,185,795	\$448,277,439

* These values are net of all other exemptions (see Table 6) but include the values of the homeowners' exemption because tax rates for the support of city governments are set on assessed valuations which include them and local governments are reimbursed by the State for them.

^b The ratio of assessed value to taxable value was changed to 100 percent (from 25 percent) beginning with the lien date for 1981-82.
Note: Detail may not add to total due to rounding.



TABLE 12A—ASSESSED VALUE OF PROPERTY ASSESSED BY THE STATE BOARD
OF EQUALIZATION, BY TYPE OF COMPANY, 1981-82 ^d

(In thousands of dollars)

Type of company	Assessed value
1	2
UNDER PROVISIONS OF SECTION 751 OF THE REVENUE AND TAXATION CODE	
Telephone and telegraph	\$15,974,394
Gas and electric	17,312,517
Intercounty pipelines, flumes, canals, ditches, and aqueducts	497,946
Car	19,621
Railroad	1,907,733
Total	\$35,712,211
UNDER PRIVATE CAR TAX LAW	
Private cars	541,009
Grand total	\$36,253,220

TABLE 12B—ASSESSED VALUE OF PROPERTY ASSESSED BY THE STATE BOARD OF EQUALIZATION
AND SUBJECT TO LOCAL TAXATION, BY COMPANY, 1981-82 ^d

(In thousands of dollars)

Name of company	Assessed value
1	2
TELEPHONE AND TELEGRAPH COMPANIES	
American Satellite Corporation	\$12,565
American Telephone & Telegraph Long Lines	305,135
Calaveras Telephone Company	1,802
California-Oregon Telephone Company	1,305
Capay Valley Telephone System, Inc.	850
Citizens Utilities Company of California	108,175
Communications Satellite Corporation	7,153
Comcast General Corporation	5,300
Continental Telephone Company of California	289,118
Dorris Telephone Company	2,800
Ducor Telephone Company	1,015
Evans Telephone Company	2,691
Foresthill Telephone Company	1,211
General Telephone Company of California	3,073,808
G.T.E. Satellite Corporation	13,000
Happy Valley Telephone Company	4,800
Hornitos Telephone Company	589
I.T.T. World Communications, Inc.	19,245
Kerman Telephone Company	2,600
Livingston Telephone Company	2,738
Mariposa County Telephone Company, Inc.	6,000
M.C.I. Telecommunications Corporation	15,041
Pacific Telephone & Telegraph Company	11,733,890
Pinnacles Telephone Company	205
Ponderosa Telephone Company	10,001
R.C.A. American Communications Inc.	94,014
R.C.A. Global Communications, Inc.	17,981
RCA Globcom Systems Inc.	1,000
Roseville Telephone Company	98,015
Sierra Telephone Company, Inc.	11,005
Siskiyou Telephone Company	6,543
Southern Pacific Communications Company	42,327
Tel. Utilities of Eastern Oregon, Inc.	88
Tuolumne Telephone Company	11,012
United States Transm. Systems, Inc.	3,000
Volcano Telephone Company	7,538
West Coast Telephone Company of California	11,507
Western Union International Inc.	6,300
Western Union Telegraph Company	123,680
49 Radio-telephone companies	98,943
Total for telephone and telegraph companies	\$15,974,394



TABLE 12B—ASSESSED VALUE OF PROPERTY ASSESSED BY THE STATE BOARD OF EQUALIZATION
AND SUBJECT TO LOCAL TAXATION, BY COMPANY, 1981-82—Continued^d
(In thousands of dollars)

Name of company	Assessed value
1	2
GAS AND ELECTRIC COMPANIES	
Anza Electric Cooperative, Inc.	\$3,801
Bay Point Light & Power Inc.	550
C.F. National Corporation	31,138
Pacific Gas and Electric Company	8,059,245
Pacific Lighting Service Company	484,745
Pacific Power and Light Company	74,138
Plumas-Sierra Rural Electric Co-op	3,649
San Diego Gas and Electric Company	1,670,363
Sierra Pacific Power Company	41,562
Southern California Edison Company	5,951,185
Southern California Gas Company	854,978
Southern California Water Company	95,859
Southwest Gas Corp.	29,817
Surprise Valley Electrification Corp.	6,440
Valley Electric Association, Inc.	47
Total for gas and electric companies	\$17,312,517
INTERCOUNTY PIPE LINES, FLUMES, CANALS, DITCHES, AND AQUEDUCTS^a	
Beacon Oil Company	\$1,037
Calnev Pipe Line Company	35,000
Castas Pipeline Company	2,500
Chevron U.S.A., Inc.	45,500
City of Riverside	5,369
Cuyama Pipeline Company	1,050
Dow Chemical Company, The	6,450
Exxon Pipeline Company	950
Four Corners Pipe Line Company	64,000
Getty Oil Company	11,500
Gulf Oil Corporation	2,400
Industrial Royalties Company	31,270
Kerr-McGee Chemical Corp.	1,650
Kings County Canal Company	445
Mobil Oil Corporation	44,030
Powerline Oil Company	910
Riverside Highland Water Company	3,059
San Diego Pipeline Company	16,000
San Luis Canal Company	2,000
Santa Clara Pipe Line Company	26,000
Shell Oil Company	35,000
Southern Pacific Pipe Lines, Inc.	125,000
Standard Pacific Gas Line, Inc.	18,400
Standard Pipe Line Company	2,100
Texaco, Inc.	1,550
Union Oil Company of California	14,000
Vallecitos Pipeline Company	190
West Riverside Canal	600
2 companies with an assessed value of less than \$100,000 each	16
Total for intercounty pipe lines, etc.	\$457,945

^a All other taxable property owned by these companies is locally assessed.



TABLE 12B—ASSESSED VALUE OF PROPERTY ASSESSED BY THE STATE BOARD OF EQUALIZATION
AND SUBJECT TO LOCAL TAXATION, BY COMPANY, 1981-82—Concluded ^d
(In thousands of dollars)

Name of company	Assessed value
1	2
CAR COMPANIES ^b	
ACF Industries, Inc., Shippers Car Line Division	\$1
General American Transportation Corp.	1,996
National Railroad Passenger Corp. (AMTRAK)	12,542
North American Car Company	2,161
Pacific Fruit Express Co.	2,879
Union Tank Car Co.	52
Total for car companies	\$19,621
RAILROAD COMPANIES	
Alameda Belt Line	\$1,735
Almanor Railroad Co.	465
Amador Central Railroad Co.	6,106
Arcata and Mad River Rail Road Co.	4,508
Atchison, Topeka, & Santa Fe Railway Co.	397,564
Burlington Northern, Inc.	4,179
California Western Railroad	778
Camino, Placerville & Lake Tahoe Railroad Co.	6,700
Central California Traction Company	3,049
Holton Inter-Urban Railway Co.	649
Los Angeles Junction Railway Company	7,850
McCloud River Railroad Company	10,249
Modesto and Empire Traction Company	18,151
Northwestern Pacific Railroad Company	22,593
Oakland Terminal Railway, The	753
Parr Terminal Railroad	50
Petaluma and Santa Rosa Railroad Company	1,501
Port Railroads Inc.	375
Quincy Railroad Co.	690
Sacramento Northern Railway	12,929
San Diego and Arizona Eastern Railroad Company	1,222
San Diego and Arizona Eastern Transportation Company	3,402
Santa Maria Valley Railroad Company	3,396
Sierra Railroad Company	9,966
Southern Pacific Transportation Company	1,113,200
Stockton Terminal and Eastern Railroad	11,378
Sunset Railway Company	868
Tidewater Southern Railway Company	2,360
Trona Railway Company	20,063
Union Pacific Corporation	140,135
Ventura County Railway Company	1,271
Visalia Electric Railroad Company	1,321
Western Pacific Railroad Company	94,096
Yreka Western Railroad Company	4,438
Total for railroad companies	\$1,907,733

^b Property at fixed locations which is not subject to the private car tax.

^c Excludes the value of private cars operated on the railroads, for which see Table 17A.

^d The ratio of assessed value to taxable value was changed to 100 percent (from 25 percent) beginning with the lien date for 1981-82.



TABLE 13—ASSESSMENT RATIOS, "COLLIER FACTORS", AND COEFFICIENTS OF DISPERSION

Determination of ratios was suspended by the Board in 1978-79 due to lack of data needed to ascertain the proper assessed values under Proposition 13 passed at the June 6, 1978 general election. Since the coefficients of dispersion currently available to the Board are based upon pre-Proposition 13 assessment criteria, their publication has also been suspended until completion of new surveys.



TABLE 14—1980-81 GENERAL PROPERTY TAX LEVIES AS COMPILED FOR COMPUTATION
OF THE AVERAGE TAX RATE
(Levies and assessed values in thousands of dollars)

County	Net Taxable * Assessed Value	Property Tax Allocations and Levies ^b					Average Tax Rate Per \$100 of Assessed Value	
		City	County *	School ^c	Other ^d District	Total ^d	1980-81	1979-80
1	2	3	4	5	6	7	8	9
Alameda	82,435,161	886,171	877,946	881,515	861,190	8876,884	85.09	85.13
Alpine	30,851	-	625	104	131	860	4.85	4.55
Amador	170,383	314	3,961	3,809	174	7,248	4.25	4.38
Butte	747,599	2,841	6,718	19,113	3,404	32,076	4.39	4.38
Calaveras	178,739	60	2,213	4,571	1,187	9,031	4.49	4.94
Columbia	171,647	343	2,538	3,741	662	7,283	4.03	4.31
Contra Costa	4,451,630	84,686	49,130	78,691	66,985	319,533	4.91	4.95
Del Norte	79,689	73	1,081	1,890	314	3,263	4.10	4.14
El Dorado	702,808	2,296	9,437	13,531	7,093	32,149	4.59	4.65
Fresno	2,163,150	16,496	42,234	60,813	80,055	139,510	4.41	4.47
Glenn	186,501	589	2,555	4,431	469	7,985	4.29	4.39
Humboldt	512,687	1,399	7,581	10,699	2,640	32,000	4.30	4.58
Imperial	417,696	2,570	5,989	9,235	1,085	18,867	4.45	4.47
Inyo	166,372	153	2,510	3,700	730	7,093	4.28	4.38
Kern	4,651,815	8,954	73,640	83,802	19,906	186,302	4.00	4.19
Kings	372,870	967	7,739	6,000	1,837	16,453	4.41	4.44
Lake	992,527	311	4,049	4,830	2,213	11,403	4.34	4.44
Lassen	196,104	228	1,286	2,997	342	4,857	4.88	4.56
Los Angeles	39,331,983	540,512	773,902	480,870	274,074	1,899,358	4.80	4.85
Madera	439,776	934	4,871	11,496	2,094	19,395	4.39	4.43
Marin	1,736,791	9,376	30,990	33,128	12,929	76,534	4.35	4.50
Mariposa	78,467	-	1,000	1,531	282	3,162	4.03	4.09
Mendocino	604,865	679	6,800	9,305	1,512	18,305	4.52	4.54
Merced	703,442	2,584	11,651	13,534	2,642	30,395	4.25	4.39
Modoc	88,977	134	1,277	1,831	213	3,455	4.16	4.16
Monrovia	154,985	-	2,500	2,449	1,331	6,280	4.47	4.60
Monterey	1,784,510	7,717	30,192	39,214	9,394	76,507	4.29	4.31
Napa	581,564	2,941	6,987	14,412	2,174	26,514	4.50	4.63
Nevada	391,125	522	4,646	6,641	3,721	17,530	4.40	4.74
Orange	12,583,974	73,451	104,106	288,242	102,396	668,194	4.83	4.88
Placer	879,534	1,876	11,237	19,153	7,580	38,846	4.53	4.61
Plumas	389,273	71	2,036	4,692	1,110	7,909	3.95	3.98
Riverside	3,947,795	16,235	50,894	82,299	37,681	187,109	4.74	4.87
Sacramento	3,580,769	17,585	56,588	63,183	34,623	171,900	4.88	4.80
San Benito	158,790	412	1,623	4,455	563	7,053	4.77	4.40
San Bernardino	4,283,502	21,286	59,362	80,580	49,379	310,547	4.94	5.09
San Diego	10,580,582	66,283	100,388	281,170	46,764	474,605	4.40	4.65
San Francisco	4,421,206	-	185,087	17,681	15,791	218,439	4.94	5.00
San Joaquin	1,541,038	10,370	31,589	30,698	9,786	82,734	4.40	4.53
San Luis Obispo	1,080,494	3,697	15,394	26,239	3,136	50,796	4.68	4.68
San Mateo	4,525,585	25,190	47,033	101,944	18,769	192,936	4.86	4.31
Santa Barbara	1,031,798	4,784	23,689	41,673	15,071	85,097	4.41	4.49
Santa Clara	7,773,582	46,540	66,277	197,772	37,719	378,608	4.70	4.83
Santa Cruz	1,089,686	3,569	12,394	24,840	6,365	47,078	4.33	4.47
Shasta	670,640	2,275	7,511	18,439	2,070	30,295	4.52	4.53
Sierra	30,989	86	749	389	190	1,114	4.10	4.22
Siskiyou	943,241	777	2,441	2,246	239	10,005	4.11	4.14
Solano	1,192,084	10,582	19,285	29,582	5,707	54,596	4.74	4.84
Sonoma	1,501,081	7,215	25,297	39,079	6,902	78,593	4.39	4.49
Stanislaus	1,405,804	5,389	16,189	37,446	3,136	62,051	4.41	4.41
Sutter	770,376	1,283	5,217	7,743	1,429	15,682	4.33	4.39
Tehama	595,501	649	3,499	5,217	454	9,769	4.32	4.34
Trinity	70,401	-	1,093	1,913	192	3,198	4.54	4.36
Tulare	1,104,011	3,291	18,689	29,734	3,443	46,746	4.53	4.30
Tuolumne	530,636	157	3,729	5,397	915	10,193	4.41	4.42
Ventura	2,237,145	9,927	48,089	62,229	35,811	151,056	4.67	4.70
Yolo	970,034	4,634	6,990	14,392	3,225	31,171	4.60	4.65
Yuba	187,948	543	3,294	3,994	686	8,405	4.60	4.78
Totals	81,37,003,289	882,150	88,112,442	82,470,316	8958,810	88,389,276	84.60	84.60

* There are the assessed values on which general property taxes were actually levied in 1980-81. Excluded are exemptions totaling \$10,237,000 as follows: homesteaders' \$7,198,897,000 and all other, \$3,138,103,000.

^b The county levies at a rate of \$4.00 per \$100 of assessed value have been allocated among the jurisdictions receiving a portion of these levies. Excluded are the State reimbursements to local governments of \$321,700,000 for the homesteaders' exemption described in footnote * and \$201,400,000 for business inventories which beginning with the 1980-81 year are no longer assessed.

^c County levies for school purposes such as junior college tuition and countywide school levies are included with school levies.

^d Includes debt levies on land and/or improvements only. Also includes the portion of the \$4.00 levy allocated to jurisdictions previously taxing less than total property.



TABLE 15—1980-81 GENERAL PROPERTY TAX DOLLAR^a, BY COUNTY

County	Property tax dollars				
	City	County ^b	School purpose ^b	Other districts	Total
I	1	2	4	5	6
Alameda	0.80	0.28	0.30	0.02	\$1.00
Alpine	-	0.7	0.30	0.13	1.00
Amador	0.4	0.40	0.24	0.08	1.00
Butte	0.00	0.1	0.30	0.11	1.00
Calaveras	0.1	0.27	0.27	0.10	1.00
Colusa	0.05	0.25	0.1	0.05	1.00
Contra Costa	0.11	0.08	0.26	0.31	1.00
Del Norte	0.01	0.1	0.27	0.10	1.00
El Dorado	0.07	0.20	0.40	0.03	1.00
Fresno	0.13	0.20	0.44	0.14	1.00
Glen	0.07	0.22	0.25	0.06	1.00
Humboldt	0.00	0.23	0.27	0.11	1.00
Imperial	0.14	0.20	0.30	0.06	1.00
Inyo	0.05	0.25	0.10	0.11	1.00
Kern	0.05	0.20	0.40	0.11	1.00
Kings	0.06	0.17	0.27	0.10	1.00
Lake	0.02	0.20	0.40	0.19	1.00
Lassen	0.05	0.27	0.1	0.07	1.00
Los Angeles	0.19	0.43	0.23	0.15	1.00
Madera	0.05	0.29	0.00	0.10	1.00
Marin	0.13	0.27	0.43	0.17	1.00
Mariposa	-	0.20	0.1	0.07	1.00
Mendocino	0.04	0.27	0.1	0.06	1.00
Merced	0.00	0.20	0.44	0.00	1.00
Modoc	0.04	0.27	0.10	0.06	1.00
Mono	-	0.27	0.25	0.08	1.00
Monterey	0.10	0.27	0.1	0.12	1.00
Napa	0.11	0.00	0.00	0.00	1.00
Nevada	0.03	0.27	0.40	0.1	1.00
Orange	0.13	0.17	0.24	0.17	1.00
Placer	0.05	0.20	0.40	0.19	1.00
Plumas	0.01	0.26	0.00	0.14	1.00
Riverside	0.00	0.27	0.44	0.00	1.00
Sacramento	0.10	0.20	0.27	0.00	1.00
San Joaquin	0.06	0.20	0.1	0.13	1.00
San Bernardino	0.10	0.00	0.20	0.04	1.00
San Diego	0.14	0.23	0.20	0.10	1.00
San Francisco	-	0.00	0.00	0.07	1.00
San Joaquin	0.13	0.20	0.27	0.18	1.00
San Luis Obispo	0.00	0.20	0.00	0.00	1.00
San Mateo	0.13	0.24	0.20	0.10	1.00
Santa Barbara	0.05	0.20	0.20	0.15	1.00
Santa Clara	0.13	0.24	0.20	0.10	1.00
Santa Cruz	0.00	0.20	0.20	0.10	1.00
Shasta	0.07	0.25	0.1	0.07	1.00
Sierra	0.02	0.20	0.20	0.10	1.00
Siskiyou	0.00	0.24	0.20	0.06	1.00
Solano	0.19	0.20	0.20	0.10	1.00
Sonoma	0.00	0.20	0.20	0.00	1.00
Stanislaus	0.00	0.20	0.40	0.00	1.00
Sutter	0.05	0.23	0.40	0.10	1.00
Tehama	0.07	0.20	0.20	0.00	1.00
Trinity	-	0.24	0.00	0.06	1.00
Tulare	0.07	0.41	0.44	0.06	1.00
Tuolumne	0.01	0.27	0.20	0.00	1.00
Ventura	0.07	0.20	0.1	0.04	1.00
Yolo	0.15	0.20	0.00	0.10	1.00
Yuba	0.05	0.27	0.00	0.11	1.00
Average	0.13	0.23	0.30	0.15	\$1.00

^a Includes special assessments levied on limited categories of property to finance activities from which such properties derived special benefits.

^b County levies for school purposes such as junior college tuition and countywide school levies are included with school levies.

TABLE 16—Discontinued.

In previous reports this table presented data on several types of property which received special tax treatment, such as private aircraft, documented vessels, and baled cotton.



TABLE 17A—ASSESSED VALUE OF PRIVATE CARS * ASSESSED BY THE STATE BOARD OF EQUALIZATION
AND SUBJECT TO EXCLUSIVE STATE TAXATION, BY COMPANY, 1981-82 *

Name of company	Assessed value (in thousands)	Amount of tax ^{b,c}
1	2	3
PRIVATE CARS		
ACF Industries Incorporated, Shippers' Car Line Division	\$29,270	\$333,679
AIRCO, Incorporated	587	6,685
Allied Chemical Corporation	1,827	20,833
American President Lines, Ltd.	611	6,971
Amoco Chemicals Corporation.....	1,829	20,849
Andrews Gas Liquids	598	6,820
Arco Petroleum Products Co.....	996	11,358
ARCO/Polymers, Inc.	1,421	16,203
Bankers Trust Lessor, Trustee	528	6,021
California Railcar Corp.....	895	10,198
Celtran, Inc.	1,235	14,060
Chemplex Co.	637	7,266
Chevron USA, Inc.	1,605	18,299
Chicago Freight Car Leasing	1,448	16,503
Conoco	2,144	24,446
Crystal Car Line.....	1,121	12,790
Diamond Shamrock Corporation.....	563	6,419
Dow Chemical Company, The	5,819	66,332
du Pont de Nemours, E. I. & Company	3,594	40,976
Ethyl Corporation	846	9,642
Evans Railcar Leasing Company	11,828	134,836
Exxon Chemical Co., U.S.A.	1,565	17,838
Exxon Pipe Line Company	3,146	35,869
Farmland Industries, Inc.	2,214	25,245
FMC Corporation, Industrial Chemicals Division.....	982	11,193
Fruit Growers Express Company	7,814	89,074
General American Transportation Company	46,437	529,383
Georgia Pacific Corporation (Bellingham Division)	890	10,145
GLNX Corporation	752	8,576
Granite Rock Company	2,855	32,547
Gulf Oil Corporation.....	1,263	14,404
Hooker Chemicals & Plastics Corporation	633	7,215
Kerr-McGee Chemical Corporation	4,443	50,649
Koppers Company, Inc.	2,388	27,220
MHC, Inc.	671	7,649
Mobil Oil Corporation	1,422	16,212
Monsanto Company	1,876	21,387
National Railroad Passenger Corp.	59,852	682,316
North American Car Corporation	42,644	486,138
Northern Petrochemical Co.....	504	5,745
Pacific Fruit Express Company	2,170	24,744
Pargas, Inc.	1,175	13,397
Petrolane, Inc.....	1,266	14,471
Phillips Petroleum Company	1,618	18,447
PLM, Inc.	521	5,942
PPG Industries, Inc.	1,009	11,508
Pullman Leasing Company	13,400	152,755
Rail Box Company	40,061	456,928
Relco Nevada Corporation	502	5,726
Richmond Leasing Company	5,069	58,069
Salt River Project.....	882	10,051
Secular Bishop Grain Company	777	8,854
Shell Oil Company	6,138	69,968
Soltex Polymer Corporation	1,114	12,696
Stauffer Chemical Company	962	10,962
Tennessee Eastman Company, Div. of Eastman Kodak Co.	1,050	11,965
Tosco Corporation	555	6,326
Trailer Train Company	133,670	1,523,832
Transportation Corp. of America.....	745	8,491
Trinity Industries Leasing Co.	1,468	16,738
Trinity Railcar Leasing Corp.	1,213	13,828
Union Carbide Corporation	1,710	19,450
Union Tank Car Company	29,612	337,578
United Equipment Leasing Association	4,269	48,672
United States Leasing International, Inc.	5,585	63,674
United States Rail Services, Inc.	2,044	23,300
Vulcan Materials Co. Chemical Division.....	623	7,106
Xtra, Inc.	750	8,552
139 Other companies with assessed value under \$500,000 each ..	16,481	187,896
Totals for private cars.....	\$528,235	\$6,021,879



TABLE 17B—PRIVATE CAR TAX ASSESSMENTS, TAX RATES,
AND TAX LEVIES, 1938-40 TO 1981-82 *

Fiscal year	Average number of cars	Assessed value * (000 omitted)	Average assessed value per car ^a	Tax rate per \$100 assessed value ^b	Amount of tax ^c (000 omitted)
1	2	3	4	5	6
1981-82	16,142	\$528,235	\$32,724	\$1.14	\$6,022
1980-81	16,143	109,696	6,795	4.62	5,068
1979-80	14,514	90,701	6,249	4.70	4,263
1978-79	17,483	87,393	4,999	4.85	4,239
1977-78	18,388	78,154	4,213	11.19	8,754
1976-77	18,962	78,662	4,148	11.33	8,915
1975-76	18,003	75,552	4,202	11.24	8,505
1974-75	18,648	71,251	3,801	11.15	7,946
1973-74	17,111	64,101	3,681	11.44	7,334
1972-73	15,157	50,255	3,316	11.43	5,701
1971-72	14,977	44,196	2,951	10.85	4,552
1970-71	15,091	41,766	2,768	9.93	4,148
1969-70	15,088	39,809	2,638	9.39	3,739
1968-69	14,756	43,421	2,943	8.90	3,865
1967-68	14,559	37,627	2,584	7.79	2,931
1966-67	13,872	32,986	2,378	7.51	2,477
1965-66	14,436	30,243	2,095	7.29	2,205
1964-65	14,534	28,555	1,985	6.99	2,017
1963-64	14,562	26,679	1,832	6.92	1,846
1962-63	15,639	26,506	1,695	6.82	1,808
1961-62	16,182	26,907	1,657	6.54	1,753
1960-61	16,055	25,894	1,613	6.44	1,668
1959-60	15,953	25,848	1,620	6.24	1,613
1958-59	16,867	30,573	1,813	5.60	1,712
1957-58	17,108	29,826	1,743	5.33	1,590
1956-57	17,168	27,435	1,598	5.19	1,424
1955-56	17,644	26,136	1,481	5.09	1,330
1954-55	17,993	26,534	1,475	4.90	1,301
1953-54	17,092	25,378	1,485	4.81	1,222
1952-53	16,051	23,524	1,466	4.79	1,127
1951-52	16,511	21,974	1,331	4.95	1,089
1950-51	17,068	19,186	1,124	4.64	891
1945-50	16,382	17,426 ^d	1,064	3.99	3,510
1940-45	13,259	12,630 ^d	953	3.63	2,286
1938-40	13,734	11,579 ^d	843	3.66	848

* Includes materials and supplies held, stored, or used in the State for the purpose of repairing, improving, servicing, or operating the cars. Escape assessments for prior years are not included in the computation of the average assessed value per car.

^b Based on the statewide average tax rate for the preceding year.

^c Includes interest, penalties and escape assessments from prior years.

^d Average total assessed value for the period.

^e The ratio of assessed value to taxable value was changed to 100 percent (from 25 percent) beginning with the lien date for 1981-82 and the tax rate was adjusted downward proportionately.

TABLE 18—STATE SALES AND USE TAX COLLECTIONS AND NUMBER OF PERMITS, 1933-35 TO 1980-81
(Collections in thousands of dollars)

Fiscal year	Collections ^a			Number of outstanding permits ^c
	Taxes	Fees ^b	Total	
1	2	3	4	5
1980-81	\$7,175,397	\$409	\$7,175,806	673,876
1979-80	6,658,425	365	6,658,790	658,822
1978-79	5,810,484	310	5,810,794	634,758
1977-78	5,028,658	306	5,028,966	598,477
1976-77	4,311,426	272	4,311,698	571,659
1975-76	3,737,838	252	3,738,090	536,545
1974-75	3,372,966	231	3,373,197	510,232
1973-74	2,673,570 ^d	205	2,673,775 ^d	484,655
1972-73	2,197,063 ^e	193	2,197,276 ^e	472,457
1971-72	1,991,992	193	1,992,185	452,033
1970-71	1,796,956	186	1,797,142	437,731
1969-70	1,751,658	171	1,751,829	420,766
1968-69	1,634,612	156	1,634,768	412,563
1967-68	1,389,943 ^f	145	1,390,088 ^f	399,100
1966-67	1,053,251	138	1,053,389	395,321
1965-66	1,096,165 ^g	145	1,096,310 ^g	389,115
1964-65	939,651	146	939,797	377,746
1963-64	876,946	128	877,074	369,261
1962-63	813,313	120	813,433	360,976
1961-62	749,375	117	749,492	353,520
1960-61	710,931	119	711,050	351,727
1959-60	709,749	118	709,867	342,322
1958-59	631,409	115	631,524	333,996
1957-58	605,208	102	605,310	326,124
1956-57	599,789	102	599,891	320,486
1955-56	564,348	103	564,451	310,780
1954-55	492,879	108	492,987	305,537
1953-54	464,969	107	465,076	298,108
1952-53	460,196	98	460,294	299,620
1951-52	417,326	95	417,421	295,659
1950-51	398,261	101	398,362	285,596
1945-50	1,316,653 ⁱ	615	1,317,268 ⁱ	270,231
1940-45	665,100 ^j	303	665,403 ^j	179,067
1935-40	426,422 ^k	518 ^l	426,940 ^k	186,473 ^m
1933-35	89,661 ⁿ	282	89,943 ⁿ	185,748

^a Collections include taxes, fees, interest, and penalties less refunds. Tax collections in one quarter are based mainly on taxable transactions during the preceding quarter. Transfers from the Motor Vehicle Fuel Fund of sales taxes on gasoline subject to refund of fuel tax are included.

^b The \$1 fee for issuance of a seller's permit was eliminated effective July 1, 1966, and the reinstatement fee for a revoked permit was set at \$15. Prior to that date, a \$25 fee was required for reinstatement of a permit revoked for the third time within any two-year period.

^c As of December 31 for each fiscal year.

^d Effective July 1, 1973 the state tax rate was increased from 3½ percent to 4½ percent. On October 1, 1973 the tax rate was reduced to 3½ percent for six months. Effective April 1, 1974 the tax rate was again increased to 4½ percent.

^e Effective July 1, 1972, the state tax rate was decreased from 4 percent to 3½ percent.

^f Effective August 1, 1967, the state tax rate was increased from 3 percent to 4 percent.

^g Includes almost \$100 million resulting from legislation effective August 1, 1965, requiring some 24,000 taxpayers with monthly taxable sales of \$17,000 or more to prepay their quarterly sales and use tax.

^h The Board began to administer the Bradley-Burns Local Sales and Use Tax Law effective April 1, 1967, at a rate of 1 percent. The law provided for local option and thus it was not adopted by all cities and counties until January 1, 1968. See Table 21C for details.

ⁱ Effective July 1, 1940, the tax rate was increased from 2½ percent to 3 percent.

^j Effective July 1, 1943, the tax rate was reduced from 3 percent to 2½ percent and substantial additions were made to the list of exempt transactions.

^k Effective July 1, 1935, the tax rate was increased from 2½ percent to 3 percent; sales of food for human consumption, except when served as meals, were exempted; and a 3 percent use tax was imposed.

^l All outstanding licenses expired on July 31, 1935, and were reissued only after payment of a fee of \$1 if renewed on or before July 31st and \$1.50 if renewed thereafter.

^m Effective July 1, 1936, all persons selling tangible personal property of a kind whose retail sale is subject to tax were required to secure a permit for each of their outlets, whether or not they engaged in the business of making retail sales. Prior to this time, only retailers were required to secure permits.

ⁿ The state sales tax was first imposed August 1, 1933 at a rate of 2½ percent.



TABLE 19—STATE SALES AND USE TAX STATISTICS, BY TYPE OF BUSINESS, 1980-81

Type of business	Taxable transactions *			State sales tax (in thousands)	Number of permits on June 30, 1981 ^b
	Amount (in thousands)	Percent of total	Percent change from 1979-80		
1	2	3	4	5	6
Retail Stores					
Women's apparel	\$1,996,756	1.34	10.7	\$94,846	8,396
Men's apparel	869,640	.58	7.6	41,308	2,800
Family apparel	1,057,051	.71	16.2	50,210	4,023
Shoes	1,073,213	.72	12.9	50,977	3,867
Apparel stores group	4,996,660	3.35	11.7	237,341	19,086
Limited-price variety	524,564	.35	-11.5	24,917	1,071
Department and dry goods	11,694,931	7.84	10.1	555,509	3,634
Drug stores ^c	2,609,958	1.75	11.9	123,973	4,310
Other general merchandise	527,451	.35	2.3	25,054	1,418
General merchandise stores	15,356,904	10.29	9.2	729,453	10,433
Gifts, art goods, and novelties	551,107	.37	10.4	26,178	6,782
Sporting goods	827,020	.56	7.1	39,283	4,294
Florists	314,515	.21	13.1	14,940	3,206
Photographic equipment and supplies	346,875	.23	7.2	16,477	896
Musical instruments	872,535	.59	8.8	41,445	2,634
Stationery and books	1,123,530	.75	11.8	53,368	4,951
Jewelry	772,999	.52	4.6	36,717	3,829
Office, store, and school supplies	2,744,699	1.84	16.1	130,373	3,504
Other specialties	2,123,483	1.42	14.4	100,865	17,454
Specialty stores group	9,676,763	6.49	12.0	459,646	47,582
Food stores selling all types of liquors ^c	6,458,900	4.33	11.5	306,798	4,422
All other food stores ^c	2,560,872	1.72	11.5	121,641	15,719
Packaged liquor stores	2,041,202	1.37	5.1	96,957	5,829
Eating places: no alcoholic beverages	4,544,624	3.05	7.5	215,870	24,294
Eating places: beer and wine	2,485,205	1.66	16.1	118,047	16,076
Eating and drinking: all types of liquor	4,956,323	3.32	11.0	235,425	10,830
Eating and drinking group	11,986,152	8.03	10.6	569,342	51,200
Household and home furnishings	2,792,206	1.87	1.1	132,630	14,806
Household appliance dealers	1,555,528	1.04	11.0	73,538	3,968
Second-hand merchandise	166,088	.11	4.8	7,889	3,683
Farm implement dealers	1,217,898	.82	.5	57,850	1,082
Farm and garden supply stores	642,227	.56	12.7	40,006	3,296
Fuel and ice dealers	310,518	.21	18.4	14,750	749
Lumber and building materials	3,701,337	2.48	-5.5	175,813	3,760
Hardware stores	1,147,535	.77	2.0	54,508	2,145
Plumbing and electrical supplies	666,353	.45	10.4	31,652	1,253
Paint, glass, and wallpaper	619,466	.41	4.1	29,425	1,954
Building material group	6,134,691	4.11	-1.7	291,398	9,112
New motor vehicle dealers	11,645,543	7.81	2.3	553,163	2,568
Used motor vehicle dealers	776,399	.52	1.3	36,879	3,067
Automotive supplies and parts	1,985,197	1.33	10.1	94,297	7,254
Service stations	16,046,201	10.75	7.5	762,195	15,384
Mobile homes, trailers, and campers	666,457	.45	-30.0	31,657	1,438
Boat, motorcycle, and plane dealers	898,554	.60	-1.2	42,681	2,553
Automotive group	32,018,351	21.46	4.2	1,520,872	32,264
Retail Stores Totals	98,114,960	65.76	7.2	4,680,461	223,201
Business and Personal Services	5,523,430	3.70	10.6	262,363	79,952
All Other Outlets	45,558,245	30.54	9.0	2,164,016	394,927
Totals All Outlets	\$149,196,635	100.00	7.8	\$7,096,840	698,080
HISTORICAL DATA					
Comparable data for all outlets:					
1979-80	138,350,647	-	13.5	6,571,656	673,679
1978-79	121,902,213	-	15.3	5,790,355	642,152
1977-78	105,725,484	-	16.7	5,021,960	611,397
1976-77	91,518,781	-	11.8	4,347,139	583,704

* Sales or purchases made with minor exceptions during the fiscal year as reported on returns received from Aug. 7, 1980 through Aug. 6, 1981.

^b A separate permit is required for each outlet of each person selling tangible personal property of a kind whose retail sale is subject to tax.

^c Only sales subject to sales and use tax are tabulated. Excluded are sales of food for home consumption and prescription medicines.

^d In addition, the Board assessed state taxes of \$128,309,100 and penalties and interest of \$21,901,800.



TABLE 20—STATE SALES AND USE TAX STATISTICS, BY COUNTY, 1980-81

County	Taxable sales of retail stores (in thousands)	Taxable sales of all outlets ^a			State tax (in thousands)	Number of permits on June 30, 1981 ^b
		Amount (in thousands)	Percent of total	Percent change from 1979-80		
1	2	3	4	5	6	7
Alameda	\$4,252,120	\$6,785,726	4.55	6.1	\$322,322	29,700
Alpine	2,970	6,310	- ^c	- ^d	300	46
Amador	67,587	87,856	.06	-2.0	4,173	1,024
Butte	588,444	769,771	.32	4.0	36,564	4,730
Calaveras	53,838	85,313	.06	4.5	4,052	936
Colusa	58,656	119,438	.08	20.0	5,673	469
Contra Costa	2,972,746	3,889,574	2.61	-2.3	184,755	16,455
Del Norte	60,359	85,362	.06	6.2	4,055	698
El Dorado	322,809	409,224	.27	6.2	19,438	3,440
Fresno	2,268,475	3,241,001	2.17	3.9	153,948	14,617
Glenn	78,847	121,586	.08	10.5	5,775	660
Humboldt	424,597	581,890	.39	4.1	27,640	3,825
Imperial	421,011	560,932	.38	12.2	36,644	2,429
Inyo	110,204	134,028	.09	9.2	6,366	792
Kern	1,906,418	3,190,434	2.14	20.0	151,545	10,423
Kings	296,061	393,125	.26	13.4	18,673	1,702
Lake	113,479	156,384	.10	5.8	7,428	1,507
Lassen	65,297	94,370	.06	4.9	4,483	836
Los Angeles	30,987,859	47,934,215	32.13	7.5	2,276,875	219,258
Madera	188,823	303,515	.20	10.4	14,417	1,766
Marin	974,731	1,262,401	.85	10.0	59,964	8,498
Mariposa	19,426	55,590	.04	11.9	2,641	475
Mendocino	230,405	381,009	.26	4.6	18,098	2,969
Merced	463,786	596,895	.40	8.7	28,353	2,838
Modoc	31,583	40,506	.03	7.1	1,924	373
Mono	55,066	74,458	.05	8.5	3,537	542
Monterey	1,130,744	1,521,321	1.02	8.0	72,263	7,614
Napa	350,954	484,192	.32	8.1	22,999	3,076
Nevada	194,783	278,410	.19	10.1	13,225	2,393
Orange	8,969,839	13,437,430	9.01	9.4	638,278	62,942
Placer	502,898	676,846	.45	8.4	32,150	4,089
Plumas	59,493	80,883	.05	.9	3,842	968
Riverside	2,593,583	3,458,377	2.32	7.1	164,273	18,381
Sacramento	3,335,056	4,659,437	3.12	5.4	221,323	19,581
San Benito	64,196	101,271	.07	13.8	4,810	641
San Bernardino	3,205,177	4,413,288	2.96	6.9	209,631	24,637
San Diego	6,999,148	10,084,876	6.76	11.1	479,032	48,652
San Francisco	3,292,192	5,214,589	3.50	8.9	247,693	26,398
San Joaquin	1,379,935	1,946,934	1.30	4.4	92,479	7,834
San Luis Obispo	596,589	777,980	.52	10.5	36,954	5,740
San Mateo	2,713,806	4,293,860	2.88	8.2	203,968	17,253
Santa Barbara	1,258,975	1,729,787	1.16	11.0	82,165	10,986
Santa Clara	5,821,551	9,230,651	6.19	10.7	438,456	36,735
Santa Cruz	693,068	921,197	.62	8.4	43,757	6,756
Shasta	533,030	722,906	.48	1.6	34,338	4,536
Sierra	5,495	9,081	.01	6.2	431	128
Siskiyou	142,438	194,730	.13	7.1	9,250	1,726
Solano	763,762	990,107	.66	9.2	47,030	4,850
Sonoma	1,170,884	1,642,226	1.10	6.0	78,006	10,117
Stanislaus	1,076,599	1,541,035	1.03	4.4	73,199	7,092
Sutter	224,561	306,702	.21	5.3	14,568	1,508
Tehama	146,403	185,681	.12	9.1	8,820	1,270
Trinity	25,495	36,704	.02	9.3	1,743	533
Tulare	883,841	1,241,646	.83	1.7	58,978	6,563
Tuolumne	123,446	168,076	.11	5.1	7,964	1,669
Ventura	1,905,058	2,570,613	1.72	9.7	122,104	13,735
Yolo	464,257	741,286	.50	11.0	35,211	2,808
Yuba	162,445	210,332	.14	5.3	9,991	1,315
Statewide	269,672	3,963,278	2.66	6.8	188,256	4,546
Totals	\$98,114,960	\$149,196,635	100.00	7.8	\$7,086,840 ^a	\$698,080

^a Sales or purchases made, with minor exceptions, during the fiscal year, as reported on returns received from Aug. 7, 1980 through Aug. 6, 1981.

^b A separate permit is required for each outlet at which retail sales are made of any kind of tangible personal property which is subject to tax.

^c Less than .005.

^d Percentage change not shown for Alpine County because its small base is subject to violent fluctuations that are not regarded as significant.

^e In addition, the Board assessed state taxes of \$128,309,100 and penalties and interest of \$21,901,800.



TABLE 21A—REVENUES DISTRIBUTED TO CITIES AND COUNTIES FROM LOCAL SALES AND
USE TAXES AND THE STATE CIGARETTE TAX, 1980-81
(In dollars)

Jurisdiction	Revenue distributed		Jurisdiction	Revenue distributed		Jurisdiction	Revenue distributed	
	Local sales and use taxes	State cigarette tax		Local sales and use taxes	State cigarette tax		Local sales and use taxes	State cigarette tax
1	2	3	1	2	3	1	2	3
Alameda County	8,577,919	500,927	Fresno County	8,143,126	490,427	Lassen County	383,994	22,711
Alameda City	2,287,882	197,950	Clovis	1,817,597	111,726	Susanville	553,940	28,709
Albany	659,337	47,470	Coalinga	395,921	22,804	Total	937,934	51,420
Berkeley	5,665,772	365,959	Firebaugh	345,528	16,793	Los Angeles County	32,290,977	1,853,534
Emeryville	2,108,247	65,458	Fowler	132,027	8,449	Alhambra	3,807,989	223,027
Fremont	5,577,998	397,211	Fresno City	18,304,624	919,898	Arcadia	3,965,017	199,283
Hayward	8,461,595	422,885	Huron	96,257	7,778	Artesia	793,944	50,689
Livermore	1,674,924	138,810	Kerman	308,025	16,073	Avalon	204,910	8,843
Newark	1,887,343	107,046	Kingsburg	249,348	16,463	Azusa	1,486,823	91,743
Oakland	19,635,065	1,221,018	Mendota	208,068	14,184	Baldwin Park	1,390,243	130,528
Piedmont	74,345	22,466	Orange Cove	89,105	9,764	Bell	853,769	67,102
Pleasanton	1,426,909	102,387	Parlier	97,393	7,564	Bellflower	2,613,844	172,577
San Leandro	8,101,138	365,279	Reedley	687,138	38,835	Bell Gardens	878,147	86,392
Union City	1,476,946	111,110	Sanger	546,768	38,146	Beverly Hills	7,078,019	261,150
Total	67,585,390	4,065,976	San Joaquin	138,262	7,158	Bradbury	2,191	1,651
Alpine County	77,944	4,551	Selma	806,859	42,076	Burbank	7,321,922	367,592
Amador County	360,591	20,824	Total	32,386,046	1,768,138	Carson	7,724,234	369,568
Amador City	4,994	429	Glenn County	456,006	27,931	Cerritos	5,974,701	260,545
Yuba	76,277	6,631	Orland	354,339	17,264	Claremont	802,073	79,887
Jackson	315,396	13,570	Willows	378,920	19,938	Commerce	10,615,306	321,644
Plymouth	22,496	1,797	Total	1,189,265	65,133	Compton	2,449,302	217,681
Sutter Creek	113,723	6,508	Humboldt County	1,233,278	71,988	Covina	3,320,132	162,531
Total	893,477	49,759	Arcata	709,045	42,099	Cudahy	486,160	46,055
Butte County	2,727,042	159,314	Blue Lake	11,794	2,604	Culver City	6,151,643	399,726
Biggs	15,751	3,226	Eureka	3,298,041	137,895	Downey	5,980,960	331,271
Chico	2,448,239	118,276	Ferndale	67,450	4,432	Duarte	520,190	43,729
Gridley	425,905	19,361	Fortuna	489,837	29,123	El Monte	5,256,810	292,575
Paradise	1,326,269	54,170	Rio Dell	51,397	6,777	El Segundo	12,853,272	396,299
Oroville	727,000	90,041	Trinidad	26,610	1,392	Gardena	3,558,072	184,495
Total	7,670,206	444,388	Total	5,867,452	296,310	Glendale	10,678,430	583,531
Calaveras County	645,933	38,049	Imperial County	1,531,331	88,354	Glendora	1,902,685	118,411
Angels Camp	213,864	11,193	Brawley	848,962	50,620	Hawaiian Gardens	385,504	29,872
Total	859,797	49,242	Calixico	1,244,822	60,403	Hawthorne	4,237,680	220,596
Colusa County	459,187	25,759	Calipatria	79,762	7,072	Hermosa Beach	869,821	59,738
Colusa City	591,467	23,592	El Centro	1,572,523	90,718	Hidden Hills	4,957	3,173
Williams	110,050	6,064	Holtville	87,363	11,298	Huntington Park	2,618,084	151,364
Total	1,160,704	55,415	Imperial City	207,452	12,254	Industry	7,879,701	219,047
Contra Costa County	7,774,668	450,934	Westmorland	43,379	4,177	Inglewood	4,644,345	300,487
Antioch	1,985,969	131,376	Total	5,615,594	324,896	Irwindale	1,388,135	37,923
Brentwood	218,686	13,646	Inyo County	524,003	30,814	La Canada Flint- ridge	867,122	91,474
Clayton	54,898	9,272	Bishop	810,706	29,169	La Habra Heights	23,911	15,761
Concord	7,745,965	410,537	Total	1,334,709	59,983	Lakewood	3,925,400	282,506
El Cerrito	1,284,733	82,078	Kern County	13,637,296	787,840	La Mirada	2,524,928	153,526
Hercules	730,251	49,223	Arvin	250,766	19,173	Lancaster	3,604,109	212,975
Lafayette	933,787	70,633	Bakersfield	13,152,937	546,990	La Puente	1,168,374	91,900
Martinez	686,079	61,980	California City	37,801	6,323	La Verne	720,071	64,472
Moraga	287,025	50,965	Delano	1,103,439	60,184	Lawndale	1,322,506	82,790
Pinole	500,101	42,547	Maricopa	26,564	2,390	Lomita	614,715	54,332
Pittsburg	937,038	84,788	McFarland	78,041	11,269	Long Beach	18,824,076	1,203,809
Pleasant Hill	2,343,987	115,444	Ridgecrest	897,396	54,747	Los Angeles City	182,915,950	13,525,066
Richmond	8,782,778	402,045	Shafter	433,906	24,745	Lynwood	1,749,935	133,462
San Pablo	1,285,731	74,346	Taft	848,365	31,432	Manhattan Beach	1,494,134	106,830
Walnut Creek	5,010,329	247,192	Tehachapi	183,158	13,253	Maywood	516,949	48,176
Total	40,451,975	2,296,976	Wasco	299,762	25,839	Monrovia	1,975,755	112,932
Del Norte County	305,681	17,635	Total	30,938,831	1,584,155	Montebello	3,908,315	203,640
Crescent City	561,001	20,585	Kings County	1,082,952	61,154	Monterey Park	2,187,551	159,873
Total	866,682	38,220	Avenal	87,784	9,592	Norwalk	4,683,857	295,731
El Dorado County	1,107,633	65,554	Corcoran	497,067	25,243	Palmdale	913,421	47,464
Placerville	1,279,379	48,083	Hanford	1,801,464	88,308	Palos Verdes Est	144,703	31,635
South Lake Tahoe	1,723,198	90,555	Lemoore	412,518	27,207	Paramount	3,131,819	155,960
Total	4,110,210	204,162	Total	3,881,785	211,504	Pasadena	9,393,633	478,259
Lake County	1,147,752	71,538	Lake County	1,147,752	71,538	Pico Rivera	2,433,857	171,610
Clearlake	87,376	13,496	Clearlake	87,376	13,496	Pomona	6,322,624	344,608
Lakeport	321,141	16,687	Lakeport	321,141	16,687	Rancho Palos Verdes	263,639	109,411
Total	1,556,271	101,711	Total	1,556,271	101,711	Redondo Beach	2,924,163	199,112
						Rolling Hills	6,817	4,077
						Rolling Hills Est	769,103	35,779
						Rosemead	1,780,317	127,366
						San Dimas	517,804	60,064
						San Fernando	1,255,691	66,930
						San Gabriel	1,936,888	109,929
						San Marino	278,372	34,318
						Santa Fe Springs	7,592,903	226,240
						Santa Monica	8,368,515	606,052
						Sierra Madre	136,799	26,221
						Signal Hill	2,635,596	82,639



TABLE 21A—REVENUES DISTRIBUTED TO CITIES AND COUNTIES FROM LOCAL SALES AND
USE TAXES AND THE STATE CIGARETTE TAX, 1980-81—Continued
(In dollars)

Jurisdiction	Revenue distributed		Jurisdiction	Revenue distributed		Jurisdiction	Revenue distributed	
	Local sales and use taxes	State cigarette tax		Local sales and use taxes	State cigarette tax		Local sales and use taxes	State cigarette tax
1	2	3	1	2	3	1	2	3
Los Angeles County —Continued			Napa County	1,796,207	107,070	Riverside County —Continued		
South El Monte	2,361,270	98,979	Calistoga	140,487	10,743	Rancho Mirage	801,220	35,974
South Gate	3,082,935	204,187	Napa City	2,375,165	158,500	Riverside City	10,937,504	617,329
South Pasadena	695,757	63,379	St. Helena	354,231	18,465	San Jacinto	172,743	18,460
Temple City	956,697	84,269	Yountville	96,818	8,314	Total	34,394,958	1,936,037
Torrance	12,690,528	607,714	Total	4,764,908	303,092	Sacramento County	26,747,233	1,554,162
Vernon	4,766,890	133,232	Nevada County	1,607,725	92,274	Folsom	420,926	33,101
Walnut	137,140	25,755	Grass Valley	869,770	36,463	Galt	232,009	16,812
West Covina	4,847,906	283,222	Nevada City	288,642	12,852	Isleton	54,841	3,271
Whittier	5,074,395	275,710	Total	2,766,137	141,589	Sacramento	18,804,609	1,043,762
Total	481,457,834	29,822,595	Orange County	9,969,251	571,338	Total	46,259,618	2,651,108
Madera County	1,296,151	75,147	Anaheim	19,403,643	934,228	San Benito County	236,747	14,233
Chowchilla	278,780	17,233	Brea	2,791,735	128,189	Hollister	726,149	37,686
Madera City	1,430,245	79,258	Buena Park	6,500,705	296,564	San Juan Bautista	54,398	3,784
Total	3,005,176	171,638	Costa Mesa	11,151,553	459,926	Total	1,017,294	55,703
Marin County	1,208,029	68,977	Cypress	2,039,708	133,890	San Bernardino County	8,798,794	519,982
Belvedere	39,793	6,018	Fountain Valley	2,501,095	172,639	Adelanto	45,072	5,717
Corte Madera	818,616	39,224	Fullerton	6,590,266	374,481	Barstow	1,590,799	77,959
Fairfax	191,589	19,856	Garden Grove	6,754,561	420,231	Big Bear	121,200	9,630
Larkspur	766,322	43,333	Huntington Beach	9,130,070	572,313	Chino	1,402,767	112,036
Mill Valley	714,725	44,583	Irvine	6,863,512	303,754	Colton	1,600,442	87,206
Novato	1,682,345	127,229	Laguna Beach	1,175,248	64,820	Fontana	1,542,685	103,764
Ross	24,787	5,841	La Habra	2,407,746	153,573	Grand Terrace	200,660	24,424
San Anselmo	500,848	38,202	La Palma	319,953	37,617	Loma Linda	202,277	27,767
San Rafael	5,644,745	241,383	Los Alamitos	1,237,473	57,315	Montclair	2,882,024	122,835
Sausalito	929,147	35,376	Newport Beach	6,194,320	298,478	Needles	300,598	16,195
Tiburon	195,255	18,139	Orange City	9,604,073	434,305	Ontario	4,529,558	276,085
Total	12,616,201	688,161	Placentia	1,342,375	103,346	Rancho Cucu- monga	1,481,087	142,066
Mariposa County	549,896	32,491	San Clemente	1,213,668	83,709	Redlands	1,990,615	133,525
Mendocino County	517,709	85,169	San Juan Capistrano	876,275	59,327	Rialto	1,663,867	112,446
Fort Bragg	545,317	24,291	Santa Ana	15,082,289	786,911	San Bernardino	10,941,026	517,022
Point Arena	24,811	1,622	Seal Beach	765,469	72,727	Upland	2,505,484	156,161
Ukiah	1,394,638	62,818	Stanton	1,261,740	79,617	Victorville	1,886,050	77,874
Willits	412,636	19,644	Tustin	3,357,088	155,637	Total	43,675,005	2,522,734
Total	3,795,111	193,544	Villa Park	103,690	16,779	San Diego County	10,300,321	616,968
Merced County	1,682,825	99,059	Westminster	5,124,103	276,444	Carlsbad	3,260,175	155,966
Atwater	446,071	44,531	Yorba Linda	430,612	66,270	Chula Vista	3,906,286	266,253
Dos Palos	227,494	11,849	Total	134,172,201	7,114,428	Coronado	551,941	56,200
Gustine	94,443	8,450	Placer County	2,847,126	165,428	Del Mar	284,313	17,540
Livingston	109,938	12,221	Auburn	968,019	41,475	El Cajon	6,436,808	315,219
Los Banos	694,694	38,666	Colfax	144,988	6,002	Escondido	5,898,050	280,839
Merced City	2,640,134	138,494	Lincoln	225,705	14,685	Imperial Beach	325,517	50,084
Total	5,895,599	353,272	Rocklin	235,899	20,208	La Mesa	3,660,425	201,047
Modoc County	140,731	8,321	Roseville	2,212,058	107,266	Lemon Grove	1,026,118	79,114
Alturas	281,550	13,371	Total	6,633,795	355,064	National City	3,962,913	201,478
Total	422,281	21,692	Plumas County	716,848	42,728	Oceanside	2,845,463	224,775
Mono County	754,570	44,168	Portola	77,206	5,612	Poway	243,497	51,430
Monterey County	2,095,955	118,987	Total	794,054	48,340	San Diego City	53,069,976	3,063,049
Carmel	977,399	36,396	Riverside County	8,218,543	477,640	San Marcos	1,261,326	64,482
Del Rey Oaks	84,400	5,713	Banning	524,135	40,115	Santee	389,976	60,855
Gonzales	96,508	8,060	Beaumont	466,760	25,534	Vista	1,259,704	101,619
Greenfield	142,702	11,333	Blythe	774,529	34,960	Total	96,682,809	5,806,938
King City	406,233	21,604	Coachella	481,289	30,183	City and County of San Francisco	52,746,584	3,038,500
Marina	269,592	49,796	Corona	2,372,964	136,374	San Joaquin County	4,203,665	252,423
Monterey City	2,755,440	131,211	Desert Hot Springs	174,005	15,368	Escalon	199,022	11,441
Pacific Grove	624,971	50,231	Hemet	1,632,859	88,453	Lodi	2,510,457	134,251
Salinas	5,979,473	315,956	Indian Wells	90,122	5,294	Manteca	1,240,632	78,995
Sand City	111,512	3,642	Indio	2,353,254	106,296	Ripon	179,521	11,524
Seaside	1,340,418	106,819	Lake Elsinore	409,149	22,755	Stockton	10,346,760	554,266
Soledad	117,514	14,014	Norco	354,633	47,269	Tracy	726,477	53,436
Total	15,002,117	875,766	Palm Desert	907,342	51,135	Total	19,406,554	1,096,336
			Palm Springs	3,320,017	159,463			
			Perris	383,890	23,508			



TABLE 21A—REVENUES DISTRIBUTED TO CITIES AND COUNTIES FROM LOCAL SALES AND
USE TAXES AND THE STATE CIGARETTE TAX, 1980-81—Concluded
(In dollars)

Revenue distributed			Revenue distributed			Revenue distributed		
Jurisdiction	Local sales and use taxes	State cigarette tax	Jurisdiction	Local sales and use taxes	State cigarette tax	Jurisdiction	Local sales and use taxes	State cigarette tax
1	2	3	1	2	3	1	2	3
San Luis Obispo County	1,489,329	88,088	Shasta County	1,490,025	91,129	Tehama County	468,288	29,832
Arroyo Grande	562,640	36,126	Anderson	444,643	26,217	Corning	515,706	22,666
Atascadero	763,322	59,190	Redding	5,284,616	230,854	Red Bluff	837,601	41,321
Grover City	235,828	22,816	Total	7,219,284	348,200	Tehama City	2,311	752
Morro Bay	564,088	32,211	Sierra County	53,171	3,163	Total	1,823,906	94,571
Paso Robles	899,230	42,792	Loyalton	36,783	2,888	Trinity County	366,990	21,304
Pismo Beach	333,058	19,023	Total	89,954	6,051	Tulare County	3,282,136	195,921
San Luis Obispo	2,794,911	143,280	Siskiyou County	446,455	26,458	Dinuba	430,871	30,948
Total	7,642,396	443,526	Dorris	22,669	2,256	Exeter	198,167	15,799
San Mateo County	6,700,621	384,685	Dunsmuir	78,430	6,661	Farmersville	86,741	12,341
Atherton	22,807	15,917	Etna	33,978	2,242	Lindsay	299,245	21,657
Belmont	734,997	67,574	Fort Jones	36,909	2,046	Porterville	1,530,533	78,747
Brisbane	1,000,407	31,965	Montague	38,071	2,951	Tulare	1,588,735	85,522
Burlingame	3,809,409	157,364	Mount Shasta	275,772	12,219	Visalia	4,617,334	250,933
Colma	1,108,079	32,003	Tulelake	68,787	3,651	Woodlake	108,130	11,544
Daly City	3,711,344	240,493	Weed	197,334	10,925	Total	12,141,892	673,412
Foster City	695,907	62,765	Yreka	769,943	32,382	Tuolumne County	1,100,324	64,922
Half Moon Bay	329,784	21,753	Total	1,968,348	101,788	Sonora	579,865	22,793
Hillsborough	46,152	18,519	Solano County	630,217	36,607	Total	1,680,189	87,715
Menlo Park	1,914,747	103,720	Benicia	557,894	42,329	Ventura County	3,378,780	195,965
Millbrae	1,319,144	75,647	Dixon	350,400	23,481	Camarillo	1,569,070	113,757
Pacifica	679,891	91,774	Fairfield	2,669,676	183,667	Fillmore	312,379	25,967
Portola Valley	46,487	10,196	Rio Vista	418,618	17,438	Ojai	400,800	23,114
Redwood City	4,296,712	223,705	Suisun	272,330	28,349	Orland	5,618,192	351,783
San Bruno	2,683,167	144,852	Vacaville	1,485,316	122,285	Port Hueneme	439,899	46,907
San Carlos	2,534,544	130,004	Vallejo	3,399,409	240,153	San Buenaventura	5,747,628	292,316
San Mateo	5,920,680	312,000	Total	9,783,860	694,309	Santa Paula	750,871	58,339
San Francisco	5,509,273	243,533	Sonoma County	5,582,194	330,374	Simi Valley	2,271,709	207,629
Woodside	105,259	12,964	Cloverdale	179,405	12,522	Thousand Oaks	4,769,849	274,614
Total	43,169,311	2,371,433	Cotati	295,813	13,839	Total	25,258,577	1,590,391
Santa Barbara County	4,463,285	257,235	Healdsburg	812,038	36,147	Yolo County	3,962,944	230,376
Carpinteria	472,872	33,099	Petaluma	1,913,484	114,565	Davis	1,271,031	106,525
Guadalupe	87,288	8,751	Robnert Park	703,652	62,399	Winters	74,596	7,063
Lompoc	1,106,131	80,946	Santa Rosa	5,804,368	309,487	Woodland	1,943,701	107,766
Santa Barbara City	6,811,243	329,149	Sebastopol	463,334	22,579	Total	7,252,272	451,730
Santa Maria	4,233,816	186,061	Sonoma City	527,612	25,855	Yuba County	733,493	43,465
Total	17,194,635	895,241	Total	16,281,900	927,767	Marysville	1,297,528	55,310
Santa Clara County	10,934,339	633,592	Stanislaus County	4,293,092	256,685	Wheatland	27,415	3,583
Campbell	3,242,156	144,851	Ceres	872,986	46,853	Total	2,058,436	102,358
Cupertino	3,583,833	172,456	Hughson	105,972	8,167	Amounts distributed to:		
Gilroy	1,367,240	77,784	Modesto	7,144,829	393,687	City and County of San Francisco	52,746,584	3,038,500
Los Altos	1,161,651	84,949	Newman	191,163	10,272	Counties other than San Francisco	219,994,354	12,834,336
Los Altos Hills	51,562	15,779	Oakdale	604,949	32,491	Cities other than San Francisco	1,176,000,717	68,461,468
Los Gatos	1,873,926	104,497	Patterson	235,243	14,127	Grand totals	1,448,741,655	84,334,304
Milpitas	1,514,444	109,592	Riverbank	133,209	14,135			
Monte Sereno	969	6,506	Turlock	1,713,969	94,191			
Morgan Hill	671,113	50,299	Waterford	78,291	7,323			
Mountain View	5,906,072	277,043	Total	15,373,615	877,931			
Palo Alto	7,077,534	304,732	Sutter County	1,022,561	60,386			
San Jose	32,051,321	2,059,670	Live Oak	75,007	7,748			
Santa Clara City	12,040,271	507,085	Yuba City	1,925,451	87,231			
Saratoga	463,817	69,559	Total	3,023,019	155,365			
Sunnyvale	9,116,529	449,063						
Total	91,056,977	5,067,469						
Santa Cruz County	2,538,472	147,753						
Capitola	1,126,837	47,128						
Santa Cruz	3,330,069	169,100						
Scotts Valley	504,222	25,319						
Watsonville	1,649,522	88,321						
Total	9,159,122	478,621						

^a During the fiscal year, four cities became incorporated: Big Bear, Clearlake, Foway and Santee. All incorporations took place in November. Their sales tax ordinance took effect January 1, 1981. Distributions are for four months only.

^b If overpayments or misallocations had not been made in the prior fiscal year, the distributions in 1980-81 to the following jurisdictions would have been higher by the amounts shown: San Luis Obispo County, \$6,295; and Sonoma, \$3,080.

^c Distributions during 1980-81 include the following overpayments which will be deducted from 1981-82 allocations: Commerce, \$145,873; Dunsmuir, \$385; Los Altos Hills, \$1,084; Palmdale, \$5,357; Paramount, \$79,091; Richmond, \$650,090; Sand City, \$373; San Leandro, \$216,738; Tulelake, \$3,385; and Tehama County, \$612.



TABLE 21B—REVENUES DISTRIBUTED TO COUNTIES FROM COUNTY TRANSPORTATION TAX,* 1980-81

County	Revenue distributed ^b	County	Revenue distributed ^b	County	Revenue distributed ^b
1	2	1	2	1	2
Alameda.....	\$16,891,509	Marin.....	\$3,150,232	San Mateo.....	\$10,782,023
Alpine.....	19,529	Mariposa.....	137,168	Santa Barbara.....	4,282,717
Amador.....	223,027	Mendocino.....	946,535	Santa Clara.....	22,768,797
Butte.....	1,918,375	Merced.....	1,471,383	Santa Cruz.....	2,281,827
Calaveras.....	214,306	Modoc.....	106,608	Shasta.....	1,799,077
Colusa.....	290,021	Mono.....	188,244	Sierra.....	22,357
Contra Costa.....	10,066,218	Monterey.....	3,741,209	Siskiyou.....	492,760
Del Norte.....	215,964	Napa.....	1,188,000	Solano.....	2,442,667
El Dorado.....	1,025,860	Nevada.....	690,620	Sonoma.....	4,065,653
Fresno.....	8,069,395	Orange.....	33,513,951	Stanislaus.....	3,837,027
Glenn.....	297,099	Placer.....	1,654,994	Sutter.....	753,964
Humboldt.....	1,464,496	Plumas.....	199,038	Tehama.....	436,330
Imperial.....	1,402,107	Riverside.....	8,586,977	Trinity.....	91,221
Inyo.....	333,172	Sacramento.....	11,549,342	Tulare.....	3,020,579
Kern.....	7,738,104	San Benito.....	252,064	Tuolumne.....	419,410
Kings.....	968,902	San Bernardino.....	10,910,085	Ventura.....	6,298,769
Lake.....	369,459	San Diego.....	24,665,947	Yolo.....	1,812,080
Lassen.....	234,676	San Francisco.....	13,138,228	Yuba.....	514,248
Los Angeles.....	120,377,402	San Joaquin.....	4,851,136	Total.....	\$361,888,478
Madera.....	749,773	San Luis Obispo.....	1,909,850		

* Effective July 1, 1973, a ¼ percent county sales tax was imposed. This revenue is to be used for transportation purposes in each county.

^b These are actual payments to the counties and exclude the Board's administrative charge of \$2,967,406 and the Business and Transportation Agency's administrative charge of \$339,504.

TABLE 21C—LOCAL SALES AND USE TAX RATES IMPOSED BY CALIFORNIA CITIES ON JUNE 30, 1981

County	City rate ^a	Cities	County	City rate ^a	Cities
1	2	3	1	2	3
Alameda.....	.95	All cities	Orange.....	1.00	All cities
Alpine.....	—	No incorporated cities	Placer.....	1.00	All cities
Amador.....	1.00	All cities	Plumas.....	.95	Portola
Butte.....	1.00	All cities	Riverside.....	1.00	All cities
Calaveras.....	.95	Angels Camp			
Colusa.....	1.00	All cities	Sacramento.....	1.00	All cities
Contra Costa.....	.975	All cities	San Benito.....	1.00	All cities
Del Norte.....	1.00	All cities	San Bernardino.....	1.00	All cities
El Dorado.....	1.00	All cities	San Diego.....	1.00	All cities
Fresno.....	.99	Fresno	San Francisco.....	1.00	—
	1.00	All other cities	San Joaquin.....	1.00	Stockton/Tracy/ Manteca/Lodi
Glenn.....	1.00	All cities		.95	All other cities
Humboldt.....	1.00	All cities	San Luis Obispo.....	1.00	All cities
Imperial.....	.95	Calexico	San Mateo.....	.95	All cities
	.90	All other cities			
Inyo.....	1.00	All cities	Santa Barbara.....	1.00	All cities
			Santa Clara.....	.91	All cities
Kern.....	.951	Bakersfield	Santa Cruz.....	1.00	All cities
	.982	Delano	Shasta.....	1.00	All cities
	.99	Shafter	Sierra.....	.95	Loyalton
	1.00	All other cities			
Kings.....	.95	Hanford	Siskiyou.....	1.00	All cities
	.96	All other cities			
Lake.....	1.00	All cities	Solano.....	1.00	All cities
Lassen.....	.95	Susanville	Sonoma.....	.95	All cities
Los Angeles.....	1.00	All cities	Stanislaus.....	.935	Modesto/Turlock
				1.00	All other cities
Madera.....	1.00	All cities	Sutter.....	1.00	All cities
Marin.....	1.00	All cities	Tehama.....	1.00	Tehama
Mariposa.....	—	No incorporated cities		.90	All other cities
Mendocino.....	1.00	All cities	Trinity.....	—	No incorporated cities
Merced.....	.925	Merced	Tulare.....	.95	All cities
	.95	Los Banos			
	1.00	All other cities	Tuolumne.....	.95	Sonoma
Modoc.....	.90	Alturas	Ventura.....	1.00	Ojai
Mono.....	—	No incorporated cities		.967	All other cities
Monterey.....	1.00	All cities	Yolo.....	1.00	All cities
Napa.....	.855	All cities	Yuba.....	1.00	All cities
Nevada.....	1.00	All cities			

^a Each city's tax rate is credited against the county's one percent tax.



TABLE 22—LOCAL SALES TAXES, DISTRIBUTIONS AND ADMINISTRATIVE CHARGES TO CITIES AND COUNTIES, 1956-57 TO 1980-81

Fiscal year	Net amount distributed (in thousands)				Administrative cost rate per \$100 collected ^d	Administrative charge ^e (in thousands)
	County transportation tax ^a	Local sales tax ^b		Total		
		To counties ^c	To cities			
1	2	3	4	5	6	7
1960-81	\$361,888	\$219,994	\$1,228,747	\$1,810,629	.82	\$15,253
1979-80	340,922	307,251	1,156,538	1,704,711	.82	14,181
1978-79	296,051	177,514	1,005,785	1,479,451	.82	12,402
1977-78	257,221	192,488	837,756	1,287,465	.82	10,798
1976-77	219,309	167,516	709,664	1,096,489	.82	9,257
1975-76	190,348	147,670	618,406	956,424	.82	8,031
1974-75	172,343	136,047	559,337	867,727	.82	7,253
1973-74	158,087 ^f	124,964	513,282	796,333	.82	6,560
1972-73	110,010	105,678	447,986	663,674	.82 ^g	5,521
1971-72	—	91,117	387,977	479,094	1.01	4,891
1970-71	—	82,337	347,766	430,103	1.09	4,632
1969-70	—	80,891	345,626	426,517	1.10	4,696
1968-69	—	74,687	318,913	393,600	1.13	4,544
1967-68	—	73,227	300,530	373,757 ^h	1.23 ⁱ	4,926
1966-67	—	68,097	270,241	338,336	1.50	5,162
1965-66	—	64,337	254,851	319,188	1.53	4,871
1964-65	—	62,063	239,455	301,518	1.50	4,610
1963-64	—	59,242	222,908	282,150	1.53	4,386
1962-63	—	55,786 ^j	205,435	261,221 ^j	1.53	4,077
1961-62	—	53,763	186,881	240,644	1.57	3,856
1960-61	—	51,793	174,505	226,298	1.60	3,650
1959-60	—	52,396	162,749	215,145 ^k	1.50	3,348
1958-59	—	44,835	144,968	189,803 ^l	1.64	3,134
1957-58	—	29,473	132,442	161,915	1.72	2,837
1956-57	—	21,257	103,290	124,477	1.65	2,143

^a Administrative charges by the Board of Equalization and the Business and Transportation Agency have been deducted. These amounted to \$3,307,200 in 1960-81.

^b Includes any administrative cost adjustment made during the fiscal year.

^c Includes the City and County of San Francisco.

^d Prior to July 1, 1972, the actual cost of collecting \$100 in the fiscal year and the ultimate rate which cities and counties were charged.

^e These are the amounts actually withheld. The exact charge for administration in any year cannot be computed from the rate shown in the previous column, because the tentative charge used to withhold funds is based on the effective rate in the prior fiscal year. Adjustments are deducted from the fiscal year to which they apply.

^f Includes advances and payments for only ten months.

^g Effective July 1, 1972, an administrative cost rate of 85 cents per \$100 collected was set by law.

^h Effective October 1, 1967, taxpayers who were required to prepay state sales and use tax were also required to prepay local sales and use tax. This resulted in a one-time windfall of \$19,250,000 during the 1967-68 fiscal year.

ⁱ Additional revenue from the one-cent increase in the state sales tax rate effective August 1, 1967, resulted in a sharp reduction in the ratio.

^j Excludes \$565,317 that was collected in 1969-70 and impounded pending decision on litigation brought by the City of Commerce. This amount, plus accumulated interest, was distributed in 1968-69.

^k Excludes \$3,825,750 advanced to cities and counties in the 1968-69 fiscal year out of receipts that normally would have been distributed in the first quarter of the 1969-70 fiscal year. This sum was distributed to help local jurisdictions whose sales tax receipts were running below expectations because of the 1967-68 business recession.

^l Includes the \$3,825,750 discussed in the previous footnote.

^m Effective January 1, 1978, 25 percent of the revenue collected under the Bay Area Rapid Transit District Sales Tax was earmarked for the Metropolitan Transportation Commission. (Collections are shown in Table 2, footnote e.) The BARTD figures below include MTC allocations. For 1960-81, BARTD received direct allocations of \$56,485,000 and \$9,225,000 were allocated for MTC as follows: Alameda-Contra Costa Transit District, \$1,800,000 and San Francisco Municipal Railway, \$7,425,000.

NOTE: Excludes distributions to rapid transit districts which were collected at the rate of 1/2 of one percent as follows:

Fiscal Year	BARTD ^m	SCRTD	SCCTD	SCMTD	Administrative Charge
1960-81	\$85,651,000	—	\$44,218,000	\$4,752,000	\$2,061,000
1979-80	74,836,000	\$171	40,708,000	4,190,000	1,911,000
1978-79	50,740,000	172	35,386,000	1,007,000	1,587,000
1977-78	35,764,000	—	29,976,000	—	1,404,000
1976-77	47,366,000	1,000	12,807,000	—	985,817
1975-76	48,280,000	304,000	—	—	713,051
1974-75	39,682,000	401,000	—	—	666,594
1973-74	35,386,000	287,000	—	—	599,000
1972-73	31,055,000	308,000	—	—	585,000
1971-72	27,770,000	555,000	—	—	577,000
1970-71	24,880,000	35,980,000	—	—	1,333,000
1969-70	1,570,000	—	—	—	266,000

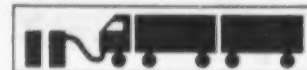


TABLE 23—GASOLINE AND JET FUEL TAX STATISTICS, 1923-25 TO 1980-81

Fiscal year	Gasoline				Jet fuel tax	
	Taxable distributions (in thousands of gallons)	Revenue ^a (in thousands)	Refunds (in thousands)	Tax-paying distributors on June 30 ^b	Taxable distributions (in thousands of gallons)	Revenue ^a (in thousands)
1	2	3	4	5	6	7
1980-81	11,185,862	\$789,106	\$25,987	102	43,713	\$891
1979-80	11,316,801	800,012	24,451 ^r	94	50,225	988
1978-79	11,916,889	835,947	21,716	77	46,432	915 ^r
1977-78	11,571,520	810,020	18,966	76	34,469	892
1976-77	10,995,557	769,978	15,775	84	27,445	551
1975-76	10,530,404	737,100	14,802	77	23,583	474
1974-75	10,141,120	709,869	13,347	72	20,494	411
1973-74	10,019,253	701,400	15,271	49	19,324	390
1972-73	10,223,805	715,663	15,244	49	17,941	360
1971-72	9,748,850	682,482	13,393	48	14,463	292
1970-71	9,232,664	646,312	13,401	58	12,043	245
1969-70	8,939,785	641,268 ^c	13,437	52	8,057 ^d	163 ^d
1968-69	8,494,065	601,783 ^c	14,596	53	—	—
1967-68	8,057,505	564,038	14,012	63	—	—
1966-67	7,649,738	535,488	13,560	59	—	—
1965-66	7,385,411	529,819 ^e	17,234	63	—	—
1964-65	7,041,337	510,954 ^e	15,981	61	—	—
1963-64	6,732,890	454,126 ^f	14,690	63	—	—
1962-63	6,331,380	379,883	14,846	71	—	—
1961-62	5,995,532	359,739	15,361	81	—	—
1960-61	5,794,324	347,668	17,268	80	—	—
1959-60	5,626,387 ^g	337,588 ^g	20,814	89	—	—
1958-59	5,404,848	324,295	21,410	88	—	—
1957-58	5,117,693	307,038	20,531	94	—	—
1956-57	4,932,752	295,982	20,786	100	—	—
1955-56	4,734,064	284,132	21,516	100	—	—
1954-55	4,424,151	265,576	26,192	102	—	—
1953-54	4,225,309	255,308 ^h	26,088	88	—	—
1952-53	4,156,537	187,047	19,175	90	—	—
1951-52	3,878,273	174,527	19,595	100	—	—
1950-51	3,589,902	161,551	15,339	112	—	—
1945-50	14,909,722	592,832 ⁱ	—	107	—	—
1940-45	9,167,652	275,029	—	122	—	—
1930-40	8,594,082	258,845	—	142	—	—
1920-35	6,790,740	201,685	—	86	—	—
1925-30	5,351,593	139,925 ^j	—	82	—	—
1923-25	1,259,474	24,938	—	74	—	—

^a Includes self-assessed taxes, tax deficiencies, interest and penalties. Refunds for nonhighway use (column 4) have not been deducted.

^b In addition, on June 30, 1981 there were 79 fully-licensed distributors who incurred no tax liabilities during the year.

^c A special one-cent levy was in effect from June 1, 1969 through August 31, 1969 to raise funds to repair and restore storm- and flood-damaged roads. This levy raised \$7.2 million from distributions during the 1968-69 fiscal year and \$15.5 million during the 1969-70 fiscal year. No storage tax was imposed.

^d The aircraft jet fuel tax levied at the rate of two cents per gallon on jet aircraft fuel used in general aviation became operative December 1, 1969 under the Motor Vehicle Fuel License Tax Law.

^e A special one-cent levy was in effect from April 1, 1965 through August 31, 1965 to raise funds to repair and restore storm- and flood-damaged roads in the northwestern part of the state. This levy raised \$18.3 million from distributions during the 1964-65 fiscal year (excluding the storage tax of \$1,106,000 including interest and penalties) and \$12.8 million during the 1965-66 fiscal year (excluding the storage tax refund of \$1,131,000).

^f Effective October 1, 1963, the tax rate was increased from 6 cents to 7 cents per gallon. Receipts from the one cent per gallon storage tax imposed at the time of the rate increase are not included; these amounted to \$1,125,267, including interest and penalties.

^g Effective October 1, 1959, liquefied petroleum gases were excluded from the definition of a "motor vehicle fuel." Since that date, vendors and users of this fuel have been required to report under the Use Fuel Tax Law. (See Table 25.)

^h Effective July 1, 1963, the tax rate was increased from 4½ cents to 6 cents per gallon. Receipts from the 1½ cent storage tax imposed at the time of the rate increase are not included; these amounted to \$1,071,000 including interest and penalties.

ⁱ Effective July 1, 1947, the tax rate was increased from 3 cents to 4½ cents per gallon. Receipts from the 1½ cent storage tax imposed at the time of the increase are not included; these amounted to \$680,000, including interest and penalties.

^j Effective July 29, 1927, the tax rate was increased from 2 cents to 3 cents per gallon.

^r Revised.



TABLE 24—TAXABLE DISTRIBUTIONS OF GASOLINE AND TAX ASSESSMENTS,
BY DISTRIBUTOR, 1979-80 AND 1980-81

Name of company ^a	Gallons (in thousands)		Tax ^b (in thousands)	
	1979-80	1980-81	1979-80	1980-81
1	2	3	4	5
Allied Petroleum	3,394	2,368	\$238	\$166
Aminoil	92,436	79,535	6,470	5,567
Amorient	8,024	8,586	502	601
Anchor Refining	-	1,476	-	103
Apex Oil Co.	-	95,630	-	6,694
Atlantic Richfield	1,356,944	1,213,374	95,126	84,936
Bath, Daryl	217	229	15	16
Beacon Oil Company	219,717	236,812	15,380	16,577
Cal-Tex Petroleum	384	308	27	22
Chambers, Lee	375	579	26	40
Champlin Petroleum	-	4,675	-	327
Chevron U.S.A.	2,052,202	2,011,227	142,604	140,786
Clough Oil Company	214	650	15	46
Douglas Oil Company	235,960	216,115	16,517	15,128
ECO Petroleum	-	256	-	18
Edgington Oil Company	18,813	52,823	1,317	3,688
Eureka Fuel Company	1,200	1,239	84	87
Exxon Corporation	600,438	665,080	42,031	46,556
Fletcher Oil and Refining	105,219	104,657	7,365	7,326
Getty Refining and Marketing	237,413	161,342	16,619	11,294
Golden Eagle Refining Company	56,177	13,990	3,932	974
Golden Gate Petroleum Company	1,534	1,011	107	71
Gulf Oil Corporation	299,023	361,870	20,932	25,331
Haydis, Austin L.	214	299	15	21
Herbst Supply Co. Inc.	28	680	2	48
Humboldt Oil	293	271	21	19
Kern County Refinery	47,972	52,605	3,358	3,682
Lockheed Air Terminal	1,415	1,306	99	91
MacMillan Ring Free Oil Company	35,107	27,290	2,317	1,910
Marlex Oil and Refining	25,779	18,140	1,805	1,270
Martinoil Company	516	529	36	37
May, George	200	218	14	15
Mobil Oil Corporation	995,451	866,667	69,682	60,667
Newhall Refining Company	41,092	39,649	2,876	2,775
Norris Supply Co., Inc.	536	984	32	69
Pacific Refining	131,267	110,478	9,189	7,733
Peterson, Roger	704	228	49	16
Phillips Petroleum	6,574	4,280	460	300
Powerline Oil Company	216,787	175,712	15,175	12,300
R & M Petroleum	484	587	34	41
Sabre Refining, Inc.	30,378	11,710	1,436	820
Shell Oil Company	1,566,939	1,506,587	109,686	105,622
Sierra Petroleum	25	424	2	30
Snobird Inc. (formerly James Field)	420	463	29	32
Tesoro Refining	-	6,323	-	443
Texaco, Inc.	702,830	715,705	49,198	50,099
Time Oil Company	40,038	43,923	2,803	3,075
Tosco Corporation	616,949	713,147	43,186	49,920
UCO Terminals	37,707	170,065	2,639	11,906
USA Petrochem	95,189	114,960	6,663	8,049
Union Oil Co.	1,313,394	1,252,538	91,938	87,878
United Energy of California	-	405	-	28
Western Fuel Co.	758	416	53	29
Western Mountain	875	660	61	46
Wickland Oil	1,358	4,530	95	317
World Oil Corporation	115,388	103,901	8,077	7,273
46 Other distributors each paying less than \$15,000 in 1980-81	9,301	2,890	653	202
Adjustments	1,146	1,190	7,916	6,179
Totals	11,316,801	11,185,862	\$900,012	\$789,106

^a "Distributors" are companies or individuals who make the first distribution of gasoline in California, and they are responsible for payment of the tax. (Aircraft manufacturers and certificated or licensed carriers by air may be included within the definition of distributor.) "Broker" includes every person, other than a distributor or a retailer, who deals in lots of 900 or more gallons of gasoline.

^b Refunds for non-highway use totaling \$95,986,907 in 1980-81 and \$84,451,000 in 1979-80 have not been deducted.

^c Adjustments include temperature-corrected gallonage from broker returns, late returns, audits, interest and penalties.



TABLE 25—DIESEL FUEL AND LIQUEFIED PETROLEUM GASES STATISTICS, 1937-40 TO 1980-81

Fiscal year	Taxable distributions (in thousands of gallons)	Total tax * (in thousands)	Self-assessed taxes (in thousands)		Active permits on December 31		Tax paid at reduced rate by transit districts (in thousands) ^k
			Diesel	LPG ¹	Users	Vendors	
1	2	3	4	5	6	7	8
1980-81	1,179,810	\$81,769	\$78,635	\$2,749	50,870	2,461	\$659
1979-80	1,164,375	80,144	77,557	2,180	46,324	2,132	637
1978-79	1,104,046	75,530	73,545	1,611	42,971 ^f	1,916	624
1977-78	987,855	67,764	65,715	1,658	44,739	1,813	553
1976-77	915,481	63,121	60,921	1,699	43,718	1,724	527
1975-76	827,487	56,857	55,263	1,448	42,968	1,714	507
1974-75	753,064	50,741	50,314	205	39,711	1,670	395
1973-74	770,854	52,164	51,687	289	36,493	1,627	382
1972-73	735,380	49,841	49,351	290	32,011	1,551	354
1971-72	674,292	45,981	45,155	599	28,967	1,507	330
1970-71	615,887	42,151	41,028	814	25,878	1,455	338
1969-70	579,903	40,496	39,511 ^b	755	23,851	1,387	320
1968-69	543,063	37,612	36,597 ^b	774	22,430	1,376	312 ^c
1967-68	477,249	34,375	33,407	814	20,843	1,360	-
1966-67	435,900	31,480	30,513	829	19,507	1,315	-
1965-66	419,286	31,214	30,054 ^d	1,028 ^{d,e}	18,038	1,256	-
1964-65	387,014	29,495	28,098 ^d	1,211 ^d	17,391	1,216	-
1963-64	358,995	26,532	25,129	1,274 ^f	16,238	1,217	-
1962-63	328,716	24,323	23,010	1,187	15,385	1,203	-
1961-62	306,689	22,871	21,468	1,291	14,670	1,195	-
1960-61	286,429	21,619	20,050	1,446	13,488	1,206	-
1959-60	280,157	20,837	19,909	1,094 ^e	12,451	1,109	-
1958-59	267,247	18,812	18,694	-	10,192	801	-
1957-58	246,711	17,454	17,270	-	9,807	773	-
1956-57	237,481	16,826	16,624	-	9,530	862	-
1955-56	226,448	16,018	15,850	-	8,877	825	-
1954-55	202,406	14,323	14,172	-	8,182	853	-
1953-54	183,043	12,873	12,738 ^h	-	7,441	751 ⁱ	-
1952-53	174,026	7,946	7,831	-	6,197	-	-
1951-52	150,683	6,885	6,780	-	5,166	-	-
1950-51	131,562	6,083	5,930	-	4,244	-	-
1945-50	406,708	16,527	16,236 ^j	-	2,610	-	-
1940-45	206,397	6,235	6,162	-	1,051	-	-
1937-40	38,625	1,178	1,159	-	n.s.	-	-

^a Includes interest and penalties which amounted to \$386,018 during the 1980-81 fiscal year. This revenue is on an accrual basis and therefore differs from the number in Table 2 which is on a cash basis.

^b A special one-cent levy was in effect from June 1, 1960 through August 31, 1960 to raise funds to repair and restore storm- and flood-damaged roads. This levy raised \$450,000 from distributions during the 1968-69 fiscal year and \$837,000 during the 1969-70 year.

^c Effective July 1, 1960, the tax rate on most fuel consumed by municipal transit districts was reduced to one cent per gallon.

^d A special one-cent levy was in effect from April 1, 1965 through August 31, 1965 to raise funds to repair and restore storm- and flood-damaged roads. This levy raised a total of \$1,786,000.

^e Effective January 1, 1966, the tax rate on liquefied petroleum gases was decreased from 7 cents to 6 cents per gallon.

^f Effective October 1, 1963, the tax rate on liquefied petroleum gases was increased from 6 cents to 7 cents per gallon.

^g Effective October 1, 1960, users and vendors of liquefied petroleum gases were required to report under the Use Fuel Tax Law. Prior to this date, they reported under the Motor Vehicle Fuel License Tax Law.

^h Effective July 1, 1953, the tax rate on diesel fuel was increased from 4½ cents to 7 cents per gallon.

ⁱ Effective September 9, 1953, vendors of use fuel were authorized to collect the use fuel tax.

^j Effective July 1, 1947, the tax rate on diesel fuel was increased from 3 cents to 4½ cents per gallon.

^k These amounts are also included in columns 3 and 4.

^l Beginning in December 1978, LPG users were allowed to pay tax on a flat rate basis. This precludes computing LPG gallonage. Flat rate payments totaled \$1,383,000 during 1980-81, 48.1 percent of LPG taxes.

n.s. Not available.

^f Revised.

TABLE 26—TRANSPORTATION GROSS RECEIPTS TAX STATISTICS

This tax was repealed effective July 1, 1973. For historical data see the Board's 1975-76 Annual Report



TABLE 27—BEER, WINE, AND DISTILLED SPIRITS EXCISE TAX COLLECTIONS, 1932-35 TO 1980-81^a
(In thousands of dollars)

Fiscal year	Beer	Wine			Distilled spirits	Total
		Still wines		Champagne and sparkling wines		
		14 percent alcohol or less	Over 14 percent alcohol			
1	2	3	4	5	6	7
1980-81	\$24,707	\$699	\$167	\$2,293	\$114,999	\$143,065 ^b
1979-80	23,300	836	175	1,973	113,311	139,596
1978-79	22,367	815	190	1,853	113,329	138,554
1977-78	20,951	785	210	1,643	111,194	134,753
1976-77	19,945	690	212	1,394	105,468	127,708
1975-76	18,616	660	229	1,339	105,411	126,255
1974-75	18,057	605	231	1,219	101,447	121,559
1973-74	16,830	578	232	1,291	100,417	119,348
1972-73	15,782	559	264	1,326	96,755	114,686
1971-72	15,261	486	275	1,301	94,809	112,132
1970-71	13,847	444	262	1,273	90,780	106,606
1969-70	14,451	386	272	1,024	89,832	105,965
1968-69	12,743	316	286	785	85,546	99,676
1967-68	11,954	281	291	716	78,810 ^c	92,052
1966-67	12,508	247	306	632	59,607	73,300
1965-66	11,629	235	320	537	57,458	70,159
1964-65	11,764	218	323	489	54,152	66,946
1963-64	10,148	203	337	405	50,703	61,796
1962-63	9,981	187	333	332	47,989	58,622
1961-62	9,442	169	345	313	45,283	55,552
1960-61	9,093	159	352	274	42,148	52,026
1959-60	9,316 ^d	138	346	269	40,406	50,475
1958-59	4,392	115	353	206	37,329	42,395
1957-58	4,046	109	351	189	34,230	38,925
1956-57	3,847	105	331	181	34,784	39,248
1955-56	3,803	104	326	151 ^e	31,518 ^f	35,902
1954-55	3,656	94	317	117	16,710	20,894
1953-54	3,477	90	330	102	15,715	19,714
1952-53	3,621	80	317	96	15,657	19,771
1951-52	3,315	74	279	81	14,436	18,185
1950-51	3,363	73	273	97	16,018	19,824
1945-50	16,105	289	1,360	392	72,011	90,157
1940-45	11,516	351	1,217	268	62,906	76,158
1935-40	7,823	220 ^g	1,606 ^h	91	40,276	50,016
1932-35	2,397	—	479 ⁱ	—	—	2,876

^a Collections are on an accrual basis and therefore differ from those in Table 2 which are on a cash basis.

^b Additional detail for 1980-81 are as follows:

	Beer and wine	Distilled spirits
Collections based on audits.....	\$171,595	\$210,357
Transactions omitted from table:		
Refunds	101,889	119,910
Interest and penalties.....	29,719	64,765

^c Effective August 16, 1967, the tax rate was increased from \$1.50 to \$2.00 per gallon. Receipts from the 50-cent floor tax are not included; these amounted to \$3,009,775.

^d Effective July 1, 1959, the tax rate was increased from 2 cents to 4 cents per gallon. Receipts from the 2-cent floor tax are not included; these amounted to \$369,170.

^e Effective July 1, 1955, the tax on champagne and sparkling wines was changed from 1.5 cents per half-pint or fraction thereof to 30 cents per gallon. This revision eliminated inequities in the tax and provided a uniform tax rate; it was not considered to be a tax rate increase.

^f Effective July 1, 1955, the tax rate was increased from 80 cents to \$1.50 per gallon. Receipts from the 70-cent floor tax imposed at the time of the rate increase are not included; these amounted to \$3,120,998.

^g The tax on natural dry wines was reduced from 2 cents to 1 cent per gallon effective July 1, 1937.

^h Still wines over 14 percent alcohol include still wines of 14 percent alcohol or less through 1936-37 because their tax rates were the same and they were not reported separately.

ⁱ Includes all types of wines. The tax rate was two cents per gallon on all wine and the different types were not reported separately.



TABLE 28—APPARENT CONSUMPTION* OF BEER, WINES AND DISTILLED SPIRITS
BY FISCAL YEAR, 1935-40 TO 1980-81
(In thousands of gallons)

Fiscal year	Beer ^b	Wine			Total wine consumption	Distilled spirits
		Still wines		Champagne and sparkling wines		
		14 percent alcohol or less	Over 14 percent alcohol			
1	2	3	4	5	6	7
1980-81	610,689	89,931	8,339	7,642	105,912	57,500
1979-80	581,381	83,621	8,745	6,617	98,983	56,656
1978-79	564,280	81,495	9,507	6,175	97,177	56,665
1977-78	528,724	75,538	10,489	5,475	91,502	55,597
1976-77	506,034	68,985	10,599	4,647	84,231	52,734
1975-76	471,996	65,988	11,458	4,463	81,909	52,705
1974-75	460,592	60,543	11,551	4,063	76,157	50,724
1973-74	431,001	57,761	11,591	4,304	73,656	50,208
1972-73	404,900	55,949	13,207	4,419	73,575	48,377
1971-72	395,645	48,555	13,768	4,337	66,660	47,405
1970-71	356,738	44,392	13,119	4,244	61,755	45,390
1969-70	373,129	38,568	13,584	3,412	55,564	44,916
1968-69	328,976	31,650	14,317	2,616	48,583	42,773
1967-68	306,936	28,103	14,543	2,386	45,032	40,629
1966-67	321,765	24,713	15,320	2,107	42,140	39,738
1965-66	298,711	23,509	15,990	1,791	41,290	38,292
1964-65	300,835	21,790	16,131	1,629	39,550	36,102
1963-64	261,145	20,312	16,848	1,350	38,510	33,802
1962-63	256,151	18,668	16,661	1,106	36,435	31,963
1961-62	242,761	16,851	17,239	1,044	35,134	30,189
1960-61	232,962	15,861	17,602	913	34,376	28,068
1959-60	238,120	13,761	17,299	896	31,958	26,937
1958-59	224,657	11,547	17,631	688	29,866	24,886
1957-58	207,021	10,901	17,555	630	29,086	22,820
1956-57	196,151	10,460	16,570	605	27,635	23,189
1955-56	192,973	10,447	16,324	502	27,273	21,012
1954-55	185,588	9,394	15,826	390	25,610	20,887
1953-54	177,629	8,987	16,507	396	25,890	19,644
1952-53	184,657	8,041	15,833	401	24,275	19,572
1951-52	168,847	7,431	13,969	336	21,736	18,045
1950-51	167,439	7,271	13,674	405	21,350	20,022
1945-50	801,657	29,022	67,996	1,625	98,643	90,014
1940-45	573,369	35,000	61,130	1,009	97,139	78,507
1935-40	387,414	37,121	65,264	683	103,068	50,345

* Figures in this table represent taxable distributions compiled from monthly tax returns. Because the tax liability attaches at the time alcoholic beverages are sold by manufacturers, importers, or wholesalers, rather than at the time a retail sale is made or when the consumption occurs, they are referred to as "apparent" consumption figures rather than as "actual" consumption figures.

^b Includes a relatively small amount of tax-exempt beer distributed to the armed forces subsequent to June 30, 1951. Prior to July 1951, such distributions were taxable. Effective January 1, 1960, distributions of beer for the armed forces became subject to the state's excise tax when purchased from California suppliers.



TABLE 29—PER CAPITA CONSUMPTION ^a OF BEER, WINES, AND DISTILLED SPIRITS BY FISCAL YEAR, 1935-36 TO 1980-81
(Consumption in gallons)

Fiscal year 1	Population ^b 2	Per capita consumption ^d		
		Beer ^c 3	Wines 4	Distilled spirits 5
1980-81	24,013,000	25.43	4.41	2.39
1979-80	23,534,000	24.70	4.21	2.41
1978-79	23,072,000	24.46	4.21	2.46
1977-78	22,610,000	23.38	4.05	2.46
1976-77	22,164,000	22.83	3.80	2.38
1975-76	21,736,000	21.70	3.76	2.42
1974-75	21,374,000	21.55	3.56	2.37
1973-74	21,036,000	20.49	3.50	2.39
1972-73	20,737,000	19.53	3.55	2.33
1971-72	20,470,000	19.33	3.26	2.32
1970-71	20,193,000	17.67	3.06	2.25
1969-70	19,922,000	18.73	2.79	2.25
1968-69	19,664,000	16.73	2.47	2.18
1967-68	19,372,000	15.95	2.32	2.10
1966-67	19,041,000	16.90	2.21	2.09
1965-66	18,670,000	16.00	2.21	2.05
1964-65	18,255,000	16.48	2.17	1.96
1963-64	17,768,000	14.70	2.17	1.90
1962-63	17,211,000	14.88	2.12	1.86
1961-62	16,636,000	14.59	2.11	1.81
1960-61	16,114,000	14.46	2.13	1.74
1955-56	13,292,000	14.52	2.05	1.58
1950-51	10,886,000	15.38	1.96	1.84
1945-46	9,452,000	16.86	2.13	2.37
1940-41	7,094,000	10.71	2.51	1.60
1935-36	6,258,000	11.63	3.39	1.46

^a Based on taxable distributions compiled from monthly tax returns.

^b Population used is for January 1 of each fiscal year.

^c Includes tax-exempt beer sold to the armed forces; see Table 28 footnote ^b.

^d Per capita amounts have been revised from 1970-71 through 1979-80 because the population estimate for each of these years was revised by the State Department of Finance after the final 1980 Census of Population numbers were released. The census added some 600,000 to the population estimate we had used for 1979-80.

TABLE 30A—CIGARETTE TAX REVENUE, 1959-60 TO 1980-81
(In thousands of dollars)

Fiscal year	Revenue ^a	Distributors' discounts ^b	Gross value of tax indicia ^c	Refunds	Amount set aside for cities and counties
1	2	3	4	5	6
1980-81	\$274,885	\$2,395	\$277,280	\$1,567	\$82,465
1979-80	272,053	2,327	274,380	1,645	81,616
1978-79	268,816	2,303	271,805	1,369	80,645
1977-78	274,102	2,348	276,005	1,239	82,231
1976-77	269,385	2,309	272,015	832	80,815
1975-76	268,610	2,303	270,913	927	80,583
1974-75	261,975	2,246	264,346	745	78,593
1973-74	258,921	2,220	262,688	632	77,676
1972-73	253,602	2,174	255,774	626	76,081
1971-72	246,351	2,112	248,181	677	73,904
1970-71	239,195	2,051	241,870	552	71,764
1969-70	235,901	2,022	238,635	455	70,762
1968-69	237,159	2,032	239,376	492	71,140
1967-68	205,985 ^{d,e}	1,786	209,654	356	52,069 ^d
1966-67	73,597	1,543	77,130	136	-
1965-66	74,578	1,522	76,334	92	-
1964-65	74,477	1,520	75,948	56	-
1963-64	71,822	1,468	73,391	77	-
1962-63	70,194	1,437	71,836	79	-
1961-62	66,054	1,391	69,557	58	-
1960-61	66,024 ^e	1,675 ^f	67,372	76	-
1959-60	64,805 ^h	767 ⁱ	64,805	27	-

^a Net of refunds for tax indicia on cigarettes that become unfit for use. (See column 5.)

^b A discount of .85 percent of gross value of tax indicia is granted to distributors for affixing the stamps. From July 1, 1960 until August 1, 1967 the discount rate was 2%.

^c Effective July 16, 1961, distributors have been able to purchase tax indicia on credit. On June 30, 1961, this amounted to \$21,866,644 and on June 30, 1960, it amounted to \$17,980,780.

^d Effective August 1, 1967, the tax rate was increased from 3¢ to 7¢ per pack. On October 1, 1967 the rate was further increased to 10¢ per pack, with the stipulation that 30% of the tax be allocated to cities and counties.

^e Includes \$6,515,209 from the 4¢ per pack floor stocks tax levied on August 1, 1967; and \$4,896,485 from the 3¢ per pack floor stocks tax imposed October 1, 1967.

^f Effective July 1, 1960, a discount was allowed at the time tax indicia were purchased.

^g Refunds made for distributors' discounts in the 1960-61 fiscal year on purchases made in the 1959-60 fiscal year have been deducted. These refunds amounted to \$384,000.

^h Includes \$2,673,048 from the 3¢ per pack floor stocks tax imposed July 1, 1969; and also includes the amount of distributors' discounts which were refunded after purchase of indicia.

ⁱ During July and August of 1969 the tax was collected by invoice and no discount was allowed on these collections of \$6,123,700, nor on the \$2,673,048 tax on floor stocks.

TABLE 30B—CIGARETTE DISTRIBUTIONS AND PER CAPITA CONSUMPTION, 1959-60 TO 1980-81

Fiscal year	Distributions (millions of packages)			Per capita consumption (in packages) ^{a, b}
	Total	Tax paid	Tax exempt	
1	2	3	4	5
1980-81	2,945	2,805	140	122.6
1979-80	2,876 ^c	2,728	148 ^c	122.2
1978-79	2,875	2,718	157	124.6
1977-78	2,926	2,760	166	129.4
1976-77	2,892	2,720	172	130.5
1975-76	2,896	2,709	187	133.1
1974-75	2,836	2,643	193	132.7
1973-74	2,834	2,627	207	134.7
1972-73	2,755	2,546	209	132.9
1971-72	2,714	2,499	215	132.6
1970-71	2,630	2,419	211	130.2
1969-70	2,588	2,387	201	129.9
1968-69	2,600	2,393	207	132.2
1967-68	2,688	2,475	213	138.8
1966-67	2,735	2,571	164	143.6
1965-66	2,703	2,544	159	144.8
1964-65	2,677	2,532	145	146.6
1963-64	2,577	2,446	131	145.0
1962-63	2,534	2,398	136	147.2
1961-62	2,449	2,319	130	147.2
1960-61	2,370	2,246	124	147.1
1959-60	2,176	2,071	105	139.7

^a Based on latest estimate of January 1 population for each fiscal year.

^b See Table 20, footnote d.

^c Revised.



TABLE 31—NET 1979 TAXABLE INSURANCE PREMIUMS
AND NET TAXES ASSESSED IN 1981, BY COMPANY

Name of company	Net taxable premiums (in thousands)	Net tax assessed
1	2	3
FIRE AND CASUALTY INSURERS		
Aetna Casualty & Surety Company (The)	\$263,957	\$6,203,000
Aetna Insurance Company	59,156	1,390,159
Allianz Insurance Company	56,030	1,316,700
Allstate Insurance Company	615,895	14,473,524
American Motorist Insurance Company	60,874	1,430,532
American National Fire Insurance Company	60,804	1,428,888
Argonaut Insurance Company	76,478	1,797,241
Associated Indemnity Corporation	160,485	3,771,389
Cal-Farm Insurance Company	76,731	1,803,644
California Casualty Indemnity Exchange (The)	67,385	1,583,540
California Casualty Insurance Company	39,060	917,904
California State Automobile Association Inter-insurance Bureau	337,449	7,930,042
Canadian Indemnity Company (The)	34,971	821,817
Central National Insurance Company of Omaha (The)	60,810	1,429,033
Civil Service Employees Insurance Company	34,508	810,949
Commercial Union Insurance Company	47,156	1,108,155
Continental Casualty Company	54,228	1,274,363
Continental Insurance Company (The)	166,402	3,910,447
Employers Insurance of Wausau A Mutual Company	105,931	2,489,388
Farmers Insurance Exchange	490,163	11,518,821
Federal Insurance Company	88,109	2,070,556
Fire Insurance Exchange	157,778	3,707,791
Fireman's Fund Insurance Company	256,835	6,035,620
Fremont Indemnity Company	177,657	4,174,944
Government Employees Insurance Company	48,318	1,135,472
Hartford Accident and Indemnity Company	169,014	3,971,830
Hartford Fire Insurance Company	54,395	1,278,280
Home Insurance Company (The)	42,775	1,005,210
Industrial Indemnity Company	234,542	5,511,726
Industrial Insurance Company	43,097	1,012,786
Insurance Company of North America	238,278	5,599,544
Inter-insurance Exchange of the Automobile Club of Southern California	484,146	11,377,437
Liberty Mutual Fire Insurance Company	129,627	3,046,234
Liberty Mutual Insurance Company	48,304	1,135,154
Lumbermens Mutual Casualty Company	47,683	1,120,554
Mercury Casualty Company	59,103	1,388,916
Mid-Century Insurance Company	178,112	4,185,640
Mission Insurance Company	227,441	5,344,870
National American Insurance Company of California	38,630	907,807
National Union Fire Insurance Co. of Pittsburgh, Pennsylvania	136,857	3,216,142
Northbrook Excess and Surplus Insurance Company	38,261	899,144
Ohio Casualty Insurance Company (The)	60,344	1,548,076
Pacific Employers Insurance Company	141,775	3,331,718
Pacific Indemnity Company	51,967	1,221,214
Premier Insurance Company	42,960	1,009,558
Prudential Property and Casualty Insurance Company	41,527	975,882
Republic Indemnity Company of America	57,140	1,342,792
Royal Indemnity Company	35,361	830,995
Royal Insurance Company of America	69,781	1,641,045
SAFECO Insurance Company of America	146,957	3,500,480
St. Paul Fire & Marine Insurance Company	88,838	2,067,687
Southern California Physicians Insurance Exchange	42,931	1,008,871
State Compensation Insurance Fund	345,211	8,112,469
State Farm Fire and Casualty Company	354,286	8,325,715
State Farm General Insurance Company	48,583	1,141,698
State Farm Mutual Automobile Insurance Company	718,422	16,882,924
Transamerica Insurance Company	75,256	1,768,509
Transportation Insurance Company	43,497	1,022,190
Travelers Indemnity Company (The)	166,325	3,908,634
Unigard Mutual Insurance Company	65,572	1,540,940
United Pacific Insurance Company	82,010	1,927,234
United Services Automobile Association	93,788	2,204,010
United States Fidelity and Guaranty Company	93,890	2,204,773
West American Insurance Company	100,932	2,371,907
Western Employers Insurance Company	53,584	1,259,224
Zenith Insurance Company	77,253	1,815,443
Zurich Insurance Company	35,859	842,691
451 other fire and casualty insurers *	3,061,477	72,677,972
Totals for fire and casualty insurers	\$11,954,911	\$282,039,844

* Each having a gross premiums tax of less than \$800,000.

TABLE 31—NET 1979 TAXABLE INSURANCE PREMIUMS
AND NET TAXES ASSESSED IN 1981, BY COMPANY—Concluded



Name of company 1	Net taxable premiums (in thousands) 2	Net tax assessed 3
LIFE INSURERS		
Aetna Life Insurance Company	\$329,544	\$7,606,639
Allstate Life Insurance Company	36,983	837,099
American Guaranty Life Insurance Company	16,863	396,270
American National Insurance Company	52,385	1,376,994
Bankers Life Company	68,750	1,440,538
Bankers United Life Assurance Company	17,501	403,083
Cal-Farm Life Insurance Company	43,642	1,005,717
California Life Insurance Company	19,252	452,430
California-Western States Life Insurance Company	130,354	3,025,413
Certified Life Insurance Company	35,933	833,246
Combined Insurance Company of America	24,341	572,002
Confederation Life Insurance Company	21,247	496,807
Connecticut General Life Insurance Company	214,733	4,964,431
Connecticut Mutual Life Insurance Company (The)	46,845	948,817
Continental Assurance Company	47,563	1,064,678
Credit Life Insurance Company (The)	22,390	557,660
Crown Life Insurance Company	85,725	2,012,543
CUNA Mutual Insurance Society	15,883	351,186
Employee Benefits Insurance Company	51,932	1,220,397
Equitable Life Assurance Society of the United States (The)	276,844	5,674,049
Family Life Insurance Company	19,323	454,066
Farmers New World Life Insurance Company	38,321	879,869
Fireman's Fund American Life Insurance Company	30,740	721,936
First Colony Life Insurance Company	22,707	523,269
First Farwest Life Insurance Company	18,194	427,564
General American Life Insurance Company	44,048	997,960
Great-West Life Assurance Company (The)	103,120	2,115,224
Guardian Life Insurance Company of America (The)	31,174	694,991
Home Life Insurance Company	26,054	521,941
John Hancock Mutual Life Insurance Company	121,736	2,501,424
Life Insurance Company of North America	62,617	1,451,533
Lincoln National Life Insurance Company (The)	82,588	1,887,027
Manufacturers Life Insurance Company (The)	49,438	1,032,693
Massachusetts Indemnity and Life Insurance Company	21,316	500,517
Massachusetts Mutual Life Insurance Company	99,114	2,174,399
Metropolitan Life Insurance Company	416,648	9,468,998
Minnesota Mutual Life Insurance Company (The)	15,333	388,863
Montgomery Ward Life Insurance Company	15,046	353,575
Mutual Benefit Life Insurance Company (The)	66,396	1,425,791
Mutual Life Insurance Company of New York (The)	69,726	1,548,153
Mutual of Omaha Insurance Company	51,836	1,218,144
National Home Life Assurance Company	24,793	581,689
National Life and Accident Insurance Company (The)	32,251	749,128
New England Mutual Life Insurance Company	54,610	1,121,785
New York Life Insurance Company	300,296	6,430,845
Northwestern Mutual Life Insurance Company (The)	64,060	1,456,128
Northwestern National Life Insurance Company	19,880	467,843
Occidental Life Insurance Company of California	387,560	8,938,417
Pacific Mutual Life Insurance Company	240,320	5,097,068
Paul Revere Life Insurance Company (The)	17,092	392,343
Penn Mutual Life Insurance Company (The)	37,100	844,766
Phoenix Mutual Life Insurance Company	39,490	899,804
Pilot Life Insurance Company	21,025	526,222
Provident Life and Accident Insurance Company	71,809	1,658,155
Provident Mutual Life Insurance Company of Philadelphia	19,356	419,231
Prudential Insurance Company of America (The)	688,686	13,428,059
Republic National Life Insurance Company	59,110	1,379,109
SAFECO Life Insurance Company	18,287	424,566
Security Benefit Life Insurance Company	42,378	935,371
Standard Insurance Company	53,983	1,238,462
State Farm Life Insurance Company	49,890	1,099,175
State Mutual Life Assurance Company of America	30,767	683,677
Travelers Insurance Company (The)	271,193	6,112,634
Union Labor Life Insurance Company (The)	111,869	2,627,142
Unionmutual Stock Life Insurance Company of America	26,093	612,240
United Benefit Life Insurance Company	59,114	1,332,889
United Insurance Company of America	22,802	537,021
USLIFE Life Insurance Company of California	25,100	562,192
Washington National Insurance Company	43,884	1,007,385
West Coast Life Insurance Company	17,456	403,718
425 other life insurers ^a	1,271,850	30,094,130
Totals for life insurers	7,086,279	158,479,740 ^b
Totals for fire and casualty insurers	11,954,911	282,030,844 ^b
Totals for title insurers	280,749	6,621,365 ^b
Totals for all insurers	\$19,321,939	\$447,140,949 ^d

^a Retaliatory taxes of \$1,080,445 for fire and casualty insurers, \$1,483,387 for life insurers and \$23,780 for title insurers have been included in the assessments by company. A-39

^b Each having total tax of less than \$350,000.
^d Includes retaliatory tax of \$2,506,482.



TABLE 32—SUMMARY OF INSURANCE TAXES ASSESSED IN 1980 AND 1981 AGAINST COMPANIES AUTHORIZED TO DO BUSINESS IN CALIFORNIA, BY TYPE OF INSURER ^a

Type of insurer	Assessments on 1979 business		Assessments on 1980 business		Percent change in assessments
	Number	Amount	Number	Amount	
1	2	3	4	5	6
Fire and casualty	664	\$268,585,529	669	\$282,039,844	5.0
Life	582	152,821,218	589	158,479,740	3.7
Title	22	7,730,764	25	6,621,365	-14.4
Subtotals	1,268 ^b	429,137,511	1,283 ^c	447,140,949	4.2
Ocean marine	88	100,375	43	145,962	45.4
Totals	1,356 ^b	\$429,237,886	1,326 ^c	\$447,286,911	4.2
Adjustments:		^s			
Deficiency assessments	192 ^{d r}	3,519,254 ^{d r}	97 ^e	1,691,733 ^e	-
Refunds and cancellations	172 ^{d r}	3,177,189	124	209,965	-
Net adjustments	364 ^{d r}	342,065 ^{d r}	221 ^e	1,481,788 ^e	-
Grand totals	1,720 ^{b d r}	\$429,579,951 ^{d r}	1,547 ^{c e}	\$448,768,699 ^e	4.5

^a Includes self-assessments and board-assessments against companies licensed to write insurance on California risks.

^b Includes 121 returns that reported no premiums tax liability and 170 retaliatory tax assessments totaling \$2,144,300.

^c Includes 107 returns that reported no premiums tax liability and 155 retaliatory tax assessments totaling \$2,506,482.

^d Includes 76 assessments made by the State Controller in the amount of \$258,966.

^e Includes 49 assessments made by the State Controller in the amount of \$343,604.

^r Revised.



TABLE 33—INSURANCE TAX ASSESSMENTS AGAINST LICENSED INSURERS, TAX RATE, TAXES ON PREMIUMS, LOCAL PROPERTY TAX CREDITS ALLOWED, TAXES ON OCEAN MARINE BUSINESS, AND NET TAXES ASSESSED, 1911-15 TO 1981^a

Year of assessment	Number of assessments ^b	Gross premiums tax rate ^c (percent)	Gross taxes assessed ^e	Local property tax credits allowed	Taxes assessed on underwriting profits: ocean marine ^d	Total taxes assessed ^e
1	2	3	4	5	6	7
1981.....	1,064 ^a	2.35	\$448,622,737	- ^k	\$145,962	\$448,768,699
1980.....	1,065	2.35	429,479,576 ^r	- ^k	100,375	429,579,951 ^r
1979.....	1,038	2.35	396,871,908 ^r	- ^k	144,456	397,016,361 ^r
1978.....	1,008	2.35	363,665,780 ^r	- ^k	74,843	363,740,623 ^r
1977.....	984	2.35	299,712,880 ^r	- ^k	37,018	299,749,898 ^r
1976.....	967	2.35	248,537,130 ^r	\$17,840,567	23,124	230,719,687 ^r
1975.....	992	2.35	211,975,924	16,731,201	79,999	195,324,722
1974.....	1,010	2.35	209,787,954	16,160,417	165,802	193,793,339
1973.....	989	2.35	195,049,519	16,406,592	141,337	178,784,264
1972.....	977	2.35	174,529,967	13,918,775	88,938	160,700,130
1971.....	915	2.35	160,307,804	11,673,670	45,488	148,679,622
1970.....	894	2.35	141,892,452	9,785,420	25,209	132,132,241
1969.....	830	2.35	130,895,320	7,610,137	13,518	123,298,701
1968.....	787	2.33	119,132,434	6,314,488	9,791	112,827,737
1967.....	782	2.33	111,445,400	6,377,277	4,213	105,072,336
1966.....	791	2.33	105,050,308	6,239,578	10,763	98,821,493
1965.....	833	2.33	97,782,471	5,601,383	24,785	92,205,873
1964.....	826	2.35	90,473,809 ^r	4,979,745	38,516	85,532,580 ^r
1963.....	815	2.35	82,521,529	4,766,754	44,475	77,799,250
1962.....	809	2.35	75,504,917	4,291,305	42,206	71,255,818
1961.....	767	2.35	71,235,283	3,854,507	39,688	67,420,464
1960.....	736	2.35	65,169,948	3,341,844	20,307	61,848,411
1959.....	711	2.35	58,377,347	3,153,605	13,601	55,237,343
1958.....	716	2.35	53,461,244	2,714,160	19,843	50,766,927
1957.....	728 ^h	2.35	48,365,723	2,278,623	54,234	46,141,334
1956.....	828	2.35	44,476,726	2,026,931	83,296	42,533,091
1955.....	809	2.35	* 40,810,154	1,781,071	75,118	39,104,201
1954.....	803	2.35	40,040,521	1,601,342	61,743	38,500,922
1953.....	796	2.35	35,634,490	1,393,689	83,909	34,334,700
1952.....	782	2.35	30,384,576 ^h	1,331,108	123,333	29,176,801 ^h
1951.....	781	2.35	26,404,608	1,266,639	144,753	25,282,722
1946-1950.....	3,790	ⁱ	101,734,147	4,178,399	454,383	98,010,131
1941-1945.....	3,400	ⁱ	58,111,232	5,777,662	139,007	52,472,577
1936-1940.....	3,405	2.60	44,427,176	8,395,968	50,270	36,090,478
1931-1935.....	3,128	2.60	34,850,689	3,342,794	87,173	31,595,068
1926-1930.....	2,834	2.60	33,143,423	3,031,155	-	30,112,268
1921-1925.....	1,309	2.60	20,170,810	1,460,622	-	18,710,188
1916-1920.....	1,664	2.00	7,257,013	272,834	-	6,984,179
1911-1915.....	1,490	^j	3,893,525	169,846	-	3,723,677

^a Excludes assessments against life insurance companies not licensed by the State to write insurance on California risks.

^b Includes only annual premiums tax assessments showing tax liability and ocean marine assessments.

^c Includes retaliatory assessments (except for the period from 1943, when the retaliatory tax law was repealed, through 1969 when the law was reestablished), penalties for late filing or nonfiling of returns, and adjustments of prior year taxes.

^d Includes penalties for late filing or nonfiling of returns. By constitutional amendment adopted in 1930, ocean marine insurance was removed from the scope of the gross premiums tax and subjected to a 5 percent tax on underwriting profits.

^e Defined in footnote b. In addition there were 155 retaliatory tax assessments and 287 returns that showed no tax liability, of which 107 were for life, casualty, and title insurers, and 180 for ocean marine insurers.

^f Excludes \$23,859,004, which represents the prepayments the companies assessed themselves, computed at the rate of 2.33 percent on the premiums written in the first quarter of 1964.

^g Beginning in 1967, life insurance companies writing disability insurance were assessed only once. In all prior years such companies were assessed twice; one assessment covered their life insurance and annuity policies, and one covered their disability insurance business. In 1966 there were 93 such companies.

^h Beginning in 1951, the State Compensation Insurance Fund became subject to assessment by the Board.

ⁱ The tax rate declined by .05 percent per year from 2.60 percent in 1943 to 2.35 percent in 1948. The decrease was intended to compensate for a gradual restriction of the real estate tax offset privilege. In the 1944 assessment, the maximum offset for taxes on real estate other than the principal office in the state was 75 percent of the company's 1940 offset on such property. The next year it was 55 percent; the next, 35 percent; then 15 percent. From 1948 on, only taxes on principal offices have been eligible for offset.

^j The gross premiums tax rate was 1.50 percent during 1911 and 1912, 1.75 percent in the following two years, and 2.00 percent in 1915.

^k This tax credit on the home or principal office in California was eliminated by proposition 6 which was approved by the voters on June 8, 1976, see Chapter 906, Statutes of 1975.

^r Revised



TABLE 34—FEDERAL, STATE, AND LOCAL TAX COLLECTIONS, 1950-51 TO 1980-81
(In thousands of dollars)

Fiscal year	Federal taxes ^a	State taxes other than disability insurance ^b	Local taxes and ad valorem assessments ^c	Total
1	2	3	4	5
1980-81.....	n.a.	21,290,825	9,425,000 ^d	n.a.
1979-80.....	58,873,061	20,558,664	8,525,000 ^e	87,956,725
1978-79.....	49,358,113	17,781,295	7,515,000	74,654,408
1977-78.....	42,772,775	16,266,712	12,791,000	71,830,487
1976-77.....	37,997,043 ^f	13,873,801	11,442,000	63,312,844
1975-76.....	38,091,997	11,661,724	10,093,000	49,846,721
1974-75.....	28,510,065	10,350,879	9,087,000	47,947,944
1973-74.....	24,959,348	8,503,309	8,141,345	41,604,002
1972-73.....	21,386,204	7,859,022	8,150,000	37,395,226
1971-72.....	18,962,545	7,066,506	7,325,000	33,374,051
1970-71.....	17,629,909	5,979,962	6,545,000	30,154,871
1969-70.....	18,596,235	5,851,911	5,789,464	30,237,610
1968-69.....	16,777,444	5,599,739	5,369,543	27,746,716
1967-68.....	15,455,808	5,090,195 ^e	4,787,145	25,333,148
1966-67.....	13,098,149	3,978,106	4,336,397	21,412,652
1965-66.....	11,085,100	3,889,945	3,896,042	18,871,087
1964-65.....	10,443,242	3,562,865	3,537,505	17,543,612
1963-64.....	10,534,708	3,369,236	3,247,449	17,151,393
1962-63.....	9,806,770	2,987,506	3,011,527	15,805,803
1961-62.....	9,091,751	2,673,724	2,769,131	14,534,606
1960-61.....	8,486,217	2,489,916	2,521,870	13,496,003
1959-60.....	7,997,711	2,364,532	2,306,318	12,668,561
1958-59.....	6,923,618	1,947,824	2,073,642	10,945,084
1957-58.....	6,753,950	1,786,026	1,856,780	10,396,756
1956-57.....	6,643,780	1,757,400	1,606,115	10,007,295
1955-56.....	6,006,419	1,654,153	1,400,489	9,063,061
1954-55.....	5,184,128	1,433,546	1,241,175	7,858,849
1953-54.....	5,356,963	1,339,870	1,121,205	7,818,038
1952-53.....	5,287,729	1,263,722	1,030,091	7,581,542
1951-52.....	4,645,285	1,214,772	933,783	6,793,840
1950-51.....	3,558,227	1,116,063	869,460	5,543,750

^a Includes the railroad employment compensation tax but excludes custom duties which are not classified as internal revenue.

^b Unemployment insurance tax collections totaling \$1,370,676,761 are included in the figure for 1980-81 but the State's unemployment compensation disability tax, on the other hand, which yielded \$611,309,066 in the fiscal year, is excluded because it lacks one of the characteristics that most definitions require of a tax: it is not a "compulsory payment" since an approved private plan may be substituted for the state insurance financed by means of this levy.

^c Includes (1) property taxes; (2) state-administered local sales and use taxes, whether distributed or withheld by the state as a service charge; (3) franchises; (4) business license taxes; (5) animal licenses; (6) bicycle licenses; and (7) ad valorem special assessments collected by county officials—levies which are extended against the assessed values of land and improvements (but not personal property) to finance activities which are supposed to confer benefits on each property owner of a value approximately equal to his share of the levy.

^d Estimated.

^e Beginning with 1976-77 the federal fiscal year runs from October 1, through September 30.

^f Revised.

State Board of Equalization Field Offices



The Board of Agriculture and Forestry



CALIFORNIA STATE BOARD OF EQUALIZATION OFFICES

District	Board Members	Office Address	Area Code	Telephone Number
First	GEORGE R. REILLY	350 McAllister St., Room 2056, San Francisco 94102	415	557 1699
Second	ERNEST J. DRONENBURG JR.	110 West C St., Suite 1709, San Diego 92101	714	237 7844
Third	WILLIAM M. BENNETT	1020 N St., Sacramento 95814	916	445 4081
Fourth	RICHARD NEVINS	20 E. Foothill Blvd., Calaveras 95006 0016	213	681 3551
SACRAMENTO HEADQUARTERS		1020 N St., Sacramento 95814	916	445-6464

California Cities Business Taxes Field Offices	Office Hours 8-5 Unless Otherwise Listed Below	Office Address	Area Code	Telephone Number
Arcadia		20 E. Foothill Blvd., 90016	213	350 6401
Auburn	8-12 & 1-5 M thru F	550 High St., Suite 3, 95603	916	885 8408
Bakersfield		525 18th St., 93301	805	395 2880
Bishop	8-12 & 1-5 M thru F	407 W. Line St., 93514	714	872 3701
Chico	8-12 & 1-5 M thru F	8 Williamsburg Lane, 95926	916	893 0266
Covina		233 N. Second Ave., 91723	213	331 6401
Crescent City	8-12 & 1-5 M thru F	422 Second St., 95531	707	464 2321
Downey		11229 Woodruff Ave., 90241	213	773 3480
El Centro	8-12 & 1-5 M thru F	380 N. 8th St., Suite 4, 92243	714	352 3431
El Cerrito	8-12 & 1-5 M thru F	11161 San Pablo Ave., 94530	415	540 2909
Eureka	8-12 & 1-5 M thru F	1656 Union St., Room 119, 95501	707	442 4503
Fresno		2550 Mariposa St., Room 2080, 93721	209	445 5285
Hanford	8-12 & 1-5 M thru F	422 N. Dooty St., Suite D, 93230	209	584 6631
Hayward	8-12 & 1-5 M thru F	795 Fletcher Lane, 94544	415	881 3544
Hollywood		5110 Sunset Blvd., 90027	213	663 8181
Inglewood		630 N. LaBrea Ave., 90302	213	678 8964
Long Beach		4140 Long Beach Blvd., 2nd Floor, 90807	213	636 2466 or 636 1206
Madera	8-12 & 1-5 M thru F	501 North E St., 93637	209	674 2007
Marysville		922 G St., 95901	916	674 4301
Merced	8-12 & 1-5 M thru F	3191 M St., Suite A, 95340	209	383 2831
Modesto		1020 15th Street, Suite E, 95354	209	576 6360
Mt. Shasta	9-12 30 & 1-3 30 M thru F	326 N. Mt. Shasta Blvd., Suite 8, 96067	916	926 4624
Napa	8-12 & 1-5 M thru F	3273 Claremont Way, Suite 104, 94558	707	252 2131
Nevada City	8-12 & 1-5 M thru F	401 Broad St., 95959	916	265 4628
Oakland		1111 Jackson St., Room 7072, 94607	415	464 0347
Ontario	8-12 & 1-5 M thru F	320 West G St., Suite 105, 91762	714	983 5969
Oroville	8-12 & 1-5 M thru F	2445 Oro Dam Blvd., Suite 3A, 95965	916	534 2359
Palmdale	8-12 & 1-5 M thru F	17925 N. Sixth St., East, 93560	805	947 8911
Palm Desert	8-12 & 1-5 M thru F	73 900 El Paseo, Suite 3, 92260	714	346 8096
Placerville	8-12 & 1-5 M thru F	100 Form Rd., Suite 1B, 95667	916	622 1101
Pleasant Hill	8-12 & 1-5 M thru F	995 Civic Dr., Suite D, 94523	415	687 6962
Quincy	9-1 M thru F	546 Lawrence St., 95971	916	283 1070
Redding		2135 Akard Ave., 96001	916	246 6261
Sacramento		1891 Alhambra Blvd., 95816	916	739 4911
Salinas		21 W. Laurel Dr., Suite 77, 93906	408	443 8008
San Bernardino		303 W. Third St., Suite 500, 92401	714	383 4701
San Diego		1450 Front St., Room 5047, 92101	714	237 7289
San Francisco		350 McAllister St., Room 2262, 94102	415	557 1877
San Jose		1550 The Alameda, Suite 220, 95126	408	277 1231
San Luis Obispo		940 Chorro St., 93401	805	549 3131
San Marcos		365 So. Rancho Santa Fe Road, 92069	714	744 1380
San Mateo		520 So. El Camino Real, Suite 740, 94402	415	573 3578
San Rafael	8-12 & 1-5 M thru F	7 Mt. Lassen Drive, Suite B, 36 94903	415	472 1513
Santa Ana		28 Civic Center Plaza, Room 239, 92701	714	558 4051
Santa Barbara		411 E. Canon Perdido St., Room 11, 93101	805	965 4535
Santa Cruz	8-12 & 1-5 M thru F	303 Water St., Suite 6, 95060	408	423 6683
Santa Maria		1529 Stowell Center Plaza, Suite B, 93454	805	925 7417
Santa Rosa		1726 Corby Ave., 95401	707	576 2100
Sonoma	8-12 & 1-5 M thru F	101 S. Stewart St., 95470	209	532 6479
South Lake Tahoe	8-12 & 1-5 M thru F	3368 Lake Tahoe Blvd., Suite 402, 95705	916	544 4816
Stockton		41 E. Channel St., Room 264, 95207	209	948 7120
Susanyville	9-1 M thru F	80 N. Roop St., 96130	916	257 3479
Ukiah	8-12 & 1-5 M thru F	262 E. Smith St., 95482	707	462 1988
Vallejo	8-12 & 1-5 M thru F	440 Santa Clara St., Suite 2, 94590	707	642 7546
Van Nuys		16933 Parthenia St., Sepulveda, 91345	213	891 6602
Ventura		4258 Telegraph Rd., 93003	805	654 4521
Visalia		213 N. West St., 93277	208	732 5641
West Los Angeles		11870 Santa Monica Blvd., 90025	213	879 0600
Woodland	8-12 & 1-5 M thru F	96 W. Main St., Suite 2, 95695	916	662 7331

Out-of-State Field Offices

Sacramento Headquarters		1820 14th St., 95814	916	422 2010
Chicago, Illinois		150 N. Wacker Dr., Room 1550, 60606	312	782 7253
New York, N.Y.		675 Third Ave., Room 520, 10017	212	697 4680
Houston, Texas	(By appointment)	9800 Northwest Freeway, Brookhollow 2, Suite 108, 77092	713	681 1106

Property Tax Field Offices

Eureka (Timber)		1656 Union Street, Room 120, 95501	707	445 2033
Fresno (Local Property Tax Monitoring)		2550 Mariposa St., Room 5012, 93721	209	445 5405
Hayward (Local Property Tax Monitoring)		795 Fletcher Lane, 94544	415	881 3584
Hayward (Valuation)		795 Fletcher Lane, 94544	415	881 3544
Redding (Local Property Tax Monitoring)		2400 Washington Ave., Suite 200, 96001	916	246 6556
Redding (Timber)		2400 Washington Ave., Suite 210, 96001	916	246 6581
Sacramento (Local Property Tax Monitoring)		1325 S. Street, 95814	916	422 3820
Santa Ana (Local Property Tax Monitoring)		28 Civic Center Plaza, Room 131, 92701	714	558 4014
Santa Ana (Valuation)		28 Civic Center Plaza, Room 131, 92701	714	558 4014